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ALEXANDER HAMILTON



"MAKERS OF AMERICA"

ALEXANDER HAMILTON

BY

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Our National Government,—the Rock of
our Political Salvation

HAMILTON'S WORKS, VII. 248

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PREFACE.

THERE are already a number of good biographies of Alexander Hamilton, of different sizes and planned for various uses. The political history of the first three administrations has also been carefully studied and well described from various points of view.

I have not, therefore, written a biography, nor a history of the times of Hamilton.

The notion suggested by the title of this series, when taken in its most positive and concrete form, defines my task. I have undertaken to show *how*, and *in what sense*, *Alexander Hamilton was one of the makers of this American State*. I have constructed my book with just that and nothing else in view.

On page 13 my view of the subject is stated in a proposition, or thesis.

I have spent especial care and pains on an exposition (Chapters II. to VII.), as full and circumstantial as space would permit, of the defects and faults of American public life between 1765 and 1780. This

exposition forms the background of the picture. I count on it to give to all the rest the effect which I think that it ought to have.

On page 102 I have stated the propositions about the relation of the man to his work, which seem to me to give the clew to Hamilton's career.

Hamilton's work went to the making of the American State, but personally he may be said to have failed ; for when death overtook him he had no political future, and could have had none, unless he could have readjusted himself entirely to the conditions of American public life. On pages 238, 241, 244, and 245 I have tried to show why this was so.

I have subjected Hamilton's opinions on economic, and more especially on financial, matters to a thorough examination and criticism. His attainments and his achievements in that domain have been greatly exaggerated.

After I had finished my book and arranged the citations of opinion and judgment about Hamilton at the end, it occurred to me to look and see what Hildreth had said about him. I found that Hildreth had suggested a view of Hamilton's career which coincides in the essential point with that presented by me. His view is quoted in the last paragraph of this book.

In order to use the briefest possible form of citation of authorities, yet give the reader the full titles in the most convenient manner for reference, I have put at the end of the volume a list of books cited, in the alphabetical order of the brief forms of reference used in the course of the work. This list is not a bibliography.

W. G. SUMNER.

YALE UNIVERSITY,
October, 1890.



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ALEXANDER HAMILTON.

CHAPTER I.

BIRTH, PARENTAGE, AND YOUTH.

LITTLE is known about the birth and parentage of Alexander Hamilton. He did not leave a clear and authentic story about it to his descendants. According to their tradition, however, he was born in the island of Nevis in the West Indies, Jan. 11, 1757. When he was killed, Gouverneur Morris, noting the event in his diary, remarked that he was of illegitimate birth. Among his contemporaries this was the current story. By some notes which were prepared by Timothy Pickering for a *Life of Hamilton*, which are produced by Lodge from the Pickering Papers, this story is traced to the West Indies.¹ In a letter to Jefferson, in 1813, John Adams called him the "bastard brat of a Scotch pedler."² Callender called him "the son of the camp-girl."³ Such were the amenities of public life in those days.

In Hamilton's letters there are several family letters. Although they show that he was by no means in con-

¹ *Life of Hamilton*, Appendix.

² *Historical Magazine*, July, 1870.

³ *Prospect*, 82.

stant intercourse with his family, yet they are affectionate, and especially show strong filial regard for his father. In 1785 he wrote to his brother James, who had begged his assistance. He cordially promises it, and goes on to ask about his father. "It is an age since I have heard from him or of him, though I have written him several letters. Perhaps, alas ! he is no more, and I shall not have the pleasing opportunity of contributing to render the close of his life more happy than the progress of it. My heart bleeds at the recollection of his misfortunes and embarrassments. Sometimes I flatter myself his brothers have extended their support to him, and that he now enjoys tranquillity and ease ; at other times I fear he is suffering in indigence. Should he be alive, inform him of my inquiries. Beg him to write to me, and tell him how ready I shall be to devote myself and all I have to his accommodation and happiness."¹ In 1792 we find him seeking the aid of a New York banker to send a letter to his father, who, as he has heard, is in distress. In a statement of his affairs which he prepared for his executor in 1795, he mentions that there are two small bills drawn on him by his father which are unpaid. His father is in distress. He adds: "Though, as I am informed, a man of respectable connections in Scotland, he became, as a merchant, bankrupt at an early day in the West Indies, and is now in indigence."² In 1797 he writes that he has urged his father to come to this country, but that the latter fears the change of climate. "The

¹ Works, viii. 166.

² Ibid. 351.

next thing for me," he says, "is, in proportion to my means, to endeavour to increase his comfort where he is."¹ In the same year he writes a bit of autobiography to a relative in Scotland who has opened a correspondence with him. He was separated from his father at an early age, by the latter's bankruptcy, and thrown upon his mother's relatives, who were then well off, but have since suffered misfortunes. He came to the United States at the age of sixteen, and at nineteen took the degree of bachelor of arts at the College of New York.² The last letter which he ever wrote was one to his wife recommending to her a lady, understood to have been his mother's sister, to whom he says that he was under great obligations which he felt that he had not duly discharged. He had sent for her to come to the United States, and he begs his wife to receive her as a sister.

According to the family tradition his mother was of French descent, and died when he was very young.

The reason of his being sent to the United States was that he had given some evidence of literary ability. There is a very amusing letter extant written by him when only twelve years old. It has a stilted, eighteenth-century style. It is written to his comrade Stevens, who had already gone to New York to study. In it he reveals the vanity of genius, and at the same time seems to blush and apologize for it. He says that his ambition is his predominant trait, "so that I condemn the grovelling condition of a clerk or the like, to which my fortune, etc. condemns me, and would

¹ Works, viii. 465.

² Ibid., 463.

willingly risk my life, though not my character, to exalt my station. . . . I mean to prepare the way for futurity." He wishes there was a war.¹

In October, 1772, he arrived in Boston, and went from there to New York. As a school and college boy, he was, of course, intensely interested in the excitements of the day. At the "meeting in the fields," July 6, 1774, to consider the Boston Port Bill, he made a speech. The resolutions of the meeting were strongly in favour of a non-importation agreement or commercial war.

Immediately after the session of the Continental Congress of that year, Seabury, afterward bishop, published, over the signature "A Westchester Farmer," a criticism of its proceedings, in two pamphlets, — "Free Thoughts on the Proceedings of the Continental Congress," and "Congress Canvassed by a Westchester Farmer." They were very able pamphlets, and set out that side of the question with great power. The "Farmer" said that non-intercourse would fall first on ourselves. "It will be more severely felt by us than by any part of his Majesty's dominions, and will affect us the longest." English merchants would find new lines of trade if they lost the American trade. "Our malice would hurt only ourselves." In this criticism of the means proposed he was perfectly right. Hamilton replied to him in an anonymous pamphlet, which was ascribed at first to Jay. It is called "A Full Vindication" of Congress. It is a summary, by a clever school-boy, of the leading

¹ Works, vii. 472.

points in the popular discussion of the day. His second pamphlet, however, in the same controversy, "The Farmer Refuted," is far more strong. He is driven back to a more thorough and comprehensive defence of his position. According to the fashion of the times, he seeks this in natural rights, and in a construction of English and colonial history. "The fundamental source of all your errors, sophisms, and false reasonings," he writes, "is a total ignorance of the natural rights of mankind. . . . The sacred rights of mankind are not to be rummaged for among old parchments or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the hand of the Divinity itself, and can never be erased or obscured by mortal power." It would be interesting to know what he thought of this rhetorical sophism, if he ever read it over again, — for instance in the days of Genêt and Adet.

He goes at length over the arguments about charters and the English Constitution, reaffirms the efficacy of commercial war, and declares that other powers would help the colonies, being induced by the promise of free trade. He admits the right of England to regulate trade by the Navigation Acts, but thinks that this is why she should not tax the colonies for revenue. All these notions were commonplace at the time among the whigs, but they appreciated the vigour and skill with which Hamilton set them forth. In the course of his argument, however, he was led to more than one position of which he would himself later have strongly disapproved. For instance, he would

certainly have denounced this as rank jacobinism if he had met with it in the literature of the Whiskey Rebellion: "When the first principles of civil society are violated and the rights of a whole people are invaded, the common forms of municipal law are not to be regarded. Men may betake themselves to the law of nature; and if they but conform their actions to that standard, all cavils against them betray either ignorance or dishonesty."¹

The next year he wrote a pamphlet against the Quebec Act. The grievance in this matter was one of the most doubtful among those of which the colonists complained. The Act gave to the Canadians French law, and an endowment for the Roman Catholic religion. The Americans objected to this, but still more to the vast extent of territory west of their own boundaries, — all between Pennsylvania, the Ohio, the Mississippi, and the Lakes, — which was thus in a measure shut against them, in disregard of claims which they entertained under their charters. On the face of it the colonists must, on their own principles of local self-government, admit that if the Canadians were satisfied, right was done, and the other colonies had nothing to say in the matter;² and although there might be dispute about the title to the land between different provinces, the mere size of the territory was no more against the claim of Canada than

¹ Works, i. 129.

² In the "Address to the People of England" (1774, by Jay), it is said that England had no right to set up the Romish religion or arbitrary government "in any quarter of the globe."

against that of Virginia, but there was an intention to shut up the old English colonies to the sea-coast. It took Wedderburn to blurt it out. He said that it was necessary to restrain emigration, and to prevent the Americans from spreading into the continent, "for the advantage of the empire."¹ Thus it was another of the schemes to sacrifice colonial interests to some other interests foreign to themselves.

The next spring, 1776, when Congress sent a commission to Canada, to try to persuade the Canadians to join them, the latter replied that they had been well treated by the English, and were satisfied. They had before them the address of the colonies to the people of Great Britain in which very offensive epithets were applied to the Roman Catholic religion.²

Hamilton's argument on the Quebec Act was the usual one of the Americans at the time. No one developed the point, for public discussion, about the subjection of the interests of the colonies to those of the mother-country, although the Americans had a complete instinct of it.

We next find Hamilton acting in two mobs in a manner far more consonant with his later tone of mind. He helped to save the President of the Col-

¹ Cavendish, 57.

² Carroll's Diary, 30. Hare, who was in Canada in 1774, before the Quebec Act was passed, says that the Canadians appealed either to English or French law, according to which, for the moment, would best suit their interests, and that they hated the English. The Act was a good stroke of policy for England. Cavendish shows that it was treated in England entirely as an *English* party struggle.

lege, who was a tory, from a mob at the time that the "Asia" fired on the city, and he interfered against a mob which threatened one Thurman for conduct which had displeased them. He also expressed strong disapproval of the exploit of Sears and a party from New Haven, who made a raid on New York, destroyed Rivington's press, carried off his types, and kidnapped Seabury and two or three other loyalists on their way home.

According to the dates given, he should have graduated in 1776; but as he was writing for the whig newspapers, and became more and more occupied with public affairs, he began to study artillery, and was made captain of the Artillery Company, March 14, 1776. In this capacity he earnestly and successfully advocated promotion for merit.¹

From this point his career in the American world began. It was a great career, because it had some pervading ideas, and they were not ideas of personal interest or ambition. He became the representative of union and energy. His admirers applauded him, and his enemies abused him, as an apostle of *energy* in government. Why should a man find a rôle as an apostle of energy? The answer lies in the most important features of the social and political situation in this country at the time. To understand this we need to study the notions of the parties to the colonial system about that system; the reaction on the Americans of the doctrines which they set up to justify their resistance to Great Britain without going

¹ Proceedings of the Provincial Congress of New York, 123.

out of the empire ; the social disintegration produced by the methods which they adopted to secure independence ; and the lack of discipline and organization in colonial life. The net result is that the whole civil organization declined. The Union exerted a remedial and disciplinary influence, but was for that reason forced to come in conflict with all the elements of disintegration.

CHAPTER II.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. I.

The Colonial System. — Relations of England, France, and the American colonies under it. — The significance of the revolt in world history. — The English Constitutional Law of the colonists.

No one appears to have examined critically the opinions, pretensions, and methods of the American colonists in the pre-Revolutionary period, to see how far they were right. The English never very seriously debated the doctrines put forward by the Americans before the war. After it was over, they had no interest ever to think of the matter again. Americans, after the fight was won, had no motive to go over its principles again. It has seemed ever since enough to indulge the patriotic faith that the principles were sound and the doctrines correct.

It is not now intended to make any such critical examination. In truth, the literature of that period is indescribably dull. It is astonishing how far the writers kept from the facts and the evidence. This is so much the case that it is often impossible to learn what was really the matter. They set traps of technicalities for their adversaries, but took license for themselves from the "principles of the English Constitution" and the all-embracing theory of natural

rights. It would be a great task to unravel all this, and the fruit would not be worth the labour. Nevertheless, the neglect to discriminate between the different notions which were accepted at such a critical period, and the habit of treating them all with the same sanctity, does mischief. We have all sorts of political and social conventicles nowadays, in which declamation and dogmatism avail themselves of "the great principles of the Revolution."

Every great social movement inevitably presents a mixture of noble and sordid elements. Its methods are very often impure, and its watchwords are very sure to be half-truths. When the crisis is over, however, and the days of orderly growth come again, the sordid element must be eliminated, the methods of agitation must be laid aside, the rhetoric and declamation must be toned down, and the half-truths must be dissolved.

The American States had a great deal of this work to do. As we shall see, there were large elements of error and abuse. We desire to see of what kind they were. It will be a good and fair test of political theories to ask: Would they be tolerated now? Would we consider them good law and good statecraft now? For we must note that our territories are our colonies. It is singular to what an extent laws and political devices have been affected by the circumstance that regions were contiguous or were separated by water. The case before us is one such. Our new territories are lands owned by the Union either by discovery, purchase, conquest, contiguity, or

some of the other modes in which states have taken possession of outlying territories. The Union possesses both the property in the soil and the political jurisdiction, and it asserts its right and authority quite as tenaciously as ever any monarch did. The territories are open to new settlement, — that is, colonization. The terms are liberal, but they are such as the sovereign, the Union, sets and allows. It holds a firm veto on territorial legislation beyond the limits of the concession which itself has made. It appoints all the important officers. It would not for a moment tolerate a movement of independence, — that is, of secession. It grants no representation. It imposes taxes, — both protective and revenue taxes. In our case the colonies when they grow up are incorporated in the mother body, and obtain full constitutional equality of rights and privileges. No doubt we might have experience of some of the difficulties of a colonial system if it were not for this last fact.

If therefore we ask whether we should consider a proposed arrangement practicable and expedient as between the Union and a State, or as between the Union and its colonies, we have a good test for the question what was reasonable and practicable between the colonies and Great Britain. It is immaterial to this purpose that the colonies were not represented, while the States of this Union are; for what we want to see is, what was consistent with the integrity of the empire, assuming that it was to continue, and that some adequate constitutional device could be invented to satisfy the demand for representation.

For our present purpose, however, this test has a greater value, which must not be passed over. When the States got their independence, they had broken a restraint. They were "free," in the sense of being left without any other political ties or restraints than those which they put upon themselves, in their own constitutions. In the States, then, the elements of revolutionary dissolution and decay began to work; and when the rectifying operation of peace and order came to be applied, it was the Union, the imperial unity, the great political body which could figure in history and in the family of nations, through which the disciplining and organizing work went on. Therefore *the Union was from the start at war with the turbulent, anarchistic elements which the Revolution had set loose.*

It was no accident that the integrity of public credit was involved in that struggle too. Financial integrity is a test of political institutions. Whenever they decay or are corrupted, the evil manifests itself in financial abuses. The financial vice of our Revolutionary period was repudiation, both public and private. It was the States which were the stronghold of it: it was the Union which had to combat it. *Therefore the contest with anarchy and repudiation was the great work which went to the making of this nation at the end of the last century, and Alexander Hamilton was one of the leading heroes of it.*

This may serve as a thesis of what we have to show. We state it here in order that the reader may understand the scope and pertinency of the facts we bring before

him to the purpose in view. When he has learned to see the contests of that day in their true significance, he will have no trouble in tracing the same conflict down through later history. Shays's Rebellion, the Whiskey Rebellion, New England disunion, nullification, Dorr's Rebellion, secession, have been incidents in the process by which constitutional order has gradually extended its power over the lawlessness and undisciplined turbulence which prevailed at the beginning.

The first task, then, is to see what the real state of things was.

Life in the colonies in the middle of the eighteenth century must have been dull in the extreme. The elements of intellectual activity were few, and were confined to a small circle. Under such circumstances trifles become magnified to great importance, if they furnish interest and a little excitement to fill the vacuum and relieve the tedium of a dull existence. Therefore, under such circumstances gossip is an important engine, personal feelings and interests enlist neighbours and friends. Cliques are formed ; feuds grow up ; quarrels distract church and town meeting. The fervor is due, not to the magnitude of the stake, but to the intensity of the feeling which has been aroused. Such a society presents very strong contrasts, which appear quite inconsistent with each other. It is at the same time dull and apathetic on the one side, that is, upon a matter in regard to which it has not yet been awakened, and on the other side in the highest degree volatile in regard to a matter

to which its nerves have been quickened. The pre-Revolutionary and Revolutionary periods illustrated these features abundantly.

The first common sentiment which moved a number of colonies at the same time was the dread of the northern and middle colonies of the power of France. They held that it was a struggle to the death for the possession of the continent;¹ and the one thing on which they could be got to show some sentiment of sympathy and common interest was the conquest of Canada. When, in the Revolutionary War, Canada did not join them, and they saw it once more under a separate interest from themselves, we have already had occasion to notice how they undertook to conquer it, following therein the worst traditions of that old European statecraft against which they were revolting. The same feeling was active still in the second war with England.

A war between England and France was therefore always popular, at least in the northern colonies, because it offered chances to conquer Canada: It is

¹ An illustration of the popular opinion is afforded by a letter of 1758, by Shippen, of Philadelphia. If France holds Cape Breton, she will one day drive England from the continent. She must be completely conquered. (Balch, Penn. Letters, 128.) "It has been said, on good authority," that Franklin brought about the expedition against Canada, and Wolfe's victory. "In all companies and on all occasions he urged the reduction of Canada as an object of the utmost importance. It would inflict a blow upon the French power in America from which it could never recover, and which would have a lasting influence in advancing the prosperity of the British colonies." (Franklin, i. 248.)

not true that the colonies were drawn into European disputes against their will and interest. On the other hand, the ideas of statecraft and political economy which prevailed in Europe turned about the same contest. Since the beginning of colonization the Europeans had been elaborating a system of policy with regard to the administration of colonies which is not yet by any means exploded, but which is one of the leading specimens of human folly, imposed by authority to deprive millions of men arbitrarily of chances which they might have had on earth. That system of policy is nowadays passed over as dead and gone.¹

The colonial system grew out of the application of mediæval notions of trade to a system of commerce with outlying continents. It was entirely constructed from the European standpoint.

Europe was the head of the world. The outlying continents were to be organized as its subordinate members, and governed from it according to its interests. At the same time there was a contest between the nations of Europe, especially between England, France, Holland, Spain, and Portugal, as to which one of them should get and enjoy most of the advantage to be won from the exploitation of the outlying continents. That struggle, of course, turned into an effort on the part of one to get supremacy, sole dominion, a "sole market," and of all the others to com-

¹ It is a remarkable omission that there is no chapter on the colonial system in Winsor's History. It has changed its form somewhat, but is not by any means dead, as we shall see below.

bine to prevent any one from succeeding in that attempt. As Spain, Holland, and Portugal declined in power, this contest turned into a rivalry of France and England. The doctrines of the system made war always popular with the merchant class. That class has often been stigmatized as basely fond of peace and order. They were not so in the eighteenth century, and they allowed only short intervals of peace.

The object was to conquer colonies so as to aggrandize one's self and put down one's rivals by appropriating and monopolizing "trade," — that is to say, the opportunity of exchanging with the inhabitants of a certain part of the earth's surface. So far as the system succeeded, therefore, it carved up the globe into portions, attached to the several nations into which Europe was divided ; and as they were jealously separated from each other by prohibitions and restrictions on trade, as each of them was constantly striving to increase its force for war with the others, the whole body was made up of warring units, each composed of a European nation and its colonial dependencies.

The value of colonies was supposed to consist in the power to coerce them into selling their products only to the mother-country, and buying what they wanted only from the mother-country. The notion was carried out to its fullest development, namely, that if you can get the political jurisdiction of a territory, you want to trade with it, not simply by permitting absolute freedom, but by enforcing absolute freedom, and you must not let it trade with anybody else at all ;

but if you have not the political jurisdiction, you cannot expect to trade with it, because its sovereign will not let you. For instance: While France owned Canada, Canadians must trade freely with France, and not at all with Englishmen. When England got Canada, Canadians must trade freely with Englishmen, not at all with Frenchmen. Plainly, it might be for the interest of Canadians to trade with both all the time. If it was so, because each had what the other wanted, the colonists broke the system so as to carry on illicit trade with the other country. Thus the system contained two obvious absurdities. The efforts to monopolize trade destroyed production, and constantly made less and less for anybody, which is the result of all violence; secondly, each nation which maintained the system for itself was all the time trying to break down the same system of others. In fact, the illicit trade must never be lost sight of in discussing the matter. If the system ever could have been, or ever had been, actually enforced, according to the laws and ordinances on the books, it would have produced ruin. It never was so enforced even approximately. It was broken and defeated on every side by bribery, collusion, and chicane.

The navigation system was an adjunct of the colonial system or a part of it. It is plain that the above-described arrangement could only be enforced by a great naval power. The Navigation Acts had for their purpose to monopolize the carrying-trade and the shipping. The rules of it were elaborated in detail, with the object of maintaining a mercantile marine

out of which a naval marine could at any time be recruited ; in the cant of the system, "a nursery for seamen." The navy was to defend the mercantile marine, the colonies, and the products during transportation. This operation was to secure the national wealth, and the national wealth was to be taxed to maintain the navy and all the rest of the establishment. It was confidently believed that this total combination produced a wise and stable system, the parts of which concurred in contributing to the general wealth. Its fatal defect was that it restricted growth. The parties spent their strength in quarrelling for the possession of a sixpence, when they might each, by the same effort, have produced a pound.

The systems of policy which statesmen adopt are always founded on some assumed doctrine in regard to the immutable relations of things on this earth, arising from the facts of human nature and of earthly existence, — that is, what are properly called natural laws of the social order. A statesman who did not have some theory or doctrine of human welfare, according to which he supposed that he was planning his arrangements so as to attain his purpose, would not be a practical man ; he would be a fool. It is immaterial that the theory he accepts may come to him by tradition, that he may regard it as ratified by experience, and may repeat its maxims parrot-like. The eighteenth-century statesmen had adopted a set of economic doctrines deduced from the notion that only one party wins in an exchange ; namely, that one who gets money on balance. They did not have any

doctrine of capital, and did not understand what capital was. They therefore confused money and capital, as well as money and wealth. They believed that the way to increase the wealth and economic power of a state was to increase its stock of the precious metals, and that, to do this, the only way was to bring it about that that state should export more merchandise than it imported, so as to draw from other nations gold or silver for the difference. Of course, on this theory, the nations won wealth only at the expense of each other, and a system of economy and statecraft founded on war and national hostility was the inevitable deduction. In their social affairs men have almost always been relentless in their logic, when once they have fixed their big dogmas at the bottom. They certainly were so in the development of the so-called mercantile system.

It followed, from the dogmas just stated, that a "state" was the real agent in wealth production. The talk was all the time about "making the country rich." It was in and through the political unit that an individual would prosper. The political unit might be a product of feudal warfare, royal marriages, or any other historical accidents. Nevertheless, being an historical fact, its citizens must hope only by and through it to prosper. The welfare of all therefore hung on the wisdom and power of the kings and statesmen who administered and directed the action of the state. The functions of these latter were of transcendent importance. Their art was elaborated accordingly. These theories are by no means extinct. They have been

themselves on being Englishmen, and on their loyalty to the King, and sacrificed their interests to a patriotic phrase or two, just as the system assumed that they would do. Some misgivings of course arose. The facts and the doctrines would not agree. What they saw and what they had always been told contradicted each other, but in that case they sought a bias. They consented to the restrictions of the system for the sake of the empire, but refused to be taxed for revenue, and demanded that any incidental revenue should go to the colony in whose ports it was collected. The English always scouted this distinction as a sophistical refinement.¹ The colonists had first objected to internal taxes, but consented to import duties. Then they distinguished between import duties to regulate commerce, and import duties for revenue. They seemed to have changed their position, and to be consistent in one thing only, — to pay no taxes and to rebel. We may be able to discriminate between duties to regulate commerce and duties for revenue, which the English said that they could not do, but we cannot understand why the colonists should consent to the former, while they objected to the latter, *on the ground that they were not represented in Parliament*. The former were far more capable of abuse against the interest and welfare of the colonies than the latter, and

¹ Pitt said (1765): "I cannot understand the difference between external and internal taxes. They are the same in effect, and only differ in name. That this kingdom has the sovereign, the supreme legislative power over America is granted. It cannot be denied. Taxation is a part of that sovereign power." (Prior Documents, 60.)

they therefore needed representation for defence against the former even more than against the latter.

In this connection the English formula that Parliament "gives and grants" taxes to the crown was extremely important. An English legislative assembly, by the very language of the Act (1767), gave and granted to the crown property of colonists to be taken in taxes on their consumption of paper, paints, and glass.

The conquest of Canada and the exclusion of France from the North American continent was the event which broke up the old order and led to its dissolution.¹ In fact, the old system ran to its own dissolution by the development of its own elements. In the seven years' war France and England joined in another grand struggle in the prosecution of their rivalry with each other, which could not permit a rest. The war ended with the humiliation of France and the complete success of England. She had then won the object of ambition, sole dominion, and especially control of the sea. Among the pet maxims of the prevailing system were, "Trade follows the flag," and "He who rules the sea will rule the land," — good illustrations of the emptiness and power of such sayings. It then remained to harvest the advantage of what had been won. The object of sole dominion was of course monopoly. What had

¹ T. Townshend, Jr., suggested that it might be well for England to give Canada back to France. (Cavendish, 16.) Turgot argued that it was a good thing for France that she did not own Canada. (Turgot, ii. 555.)

been won was useless unless it could be treated in such a way as to exploit it.

The best students of current events had foretold, even before the seven years' war, that the effect of sole dominion would be utter disappointment, because it must defeat itself.¹ The exploitation of it would make the colonies revolt against it. The English feared this; and the measures which they adopted, which constitute the detailed grievances of the colonists, were of three kinds. They tried to stop the illicit trade, to get a revenue from the colonies which should make the latter contribute to the power of Great Britain, and they planned measures to reduce the colonies to more direct administrative dependence. The measures under the last head were insidious, and their real aim was concealed under plausible pretexts of good government and efficiency. Such were the laws to make the colonies support troops, and to draw taxes from them out of which the mother-country should pay judges and the chief civil officers. On the face of the matter these measures were all good, and the colonies appear refractory and unreasonable in resisting them. It is in their hidden purpose that the wrong lies. These measures, in connection with the tax measures, would have reduced

¹ In 1750 Turgot, then twenty-three years old, delivered a discourse at the Sorbonne, in which he said: "Colonies are like fruits which cling to the tree only until they are ripe. When they suffice for themselves, they do as Carthage did, and as America will do some day." (Turgot, ii. 602.) There are also very remarkable passages in "*L'Ami des Hommes*" (1756), pt. ii. 181; pt. iii. 6.

the colonies to satrapies. Every step in regard to the colonies after 1763 was a matter of party struggle and political advantage in England,¹ and also a matter of sordid interest on the part of those who wanted to "remove the burden of a tax to distant shoulders."²

The revolt of the American colonies was therefore an incident of commanding importance in the history of the world. It was a break in all the accepted traditions of political economy and statecraft. Frederick the Great spoke of it, perhaps with greater significance than he understood himself, as "this crisis in the affairs of *Europe*."³ It had intimate relations with the politics of all the nations of Western Europe, and even of Poland. It would never have taken place if the government of England had not been suffering from vices which had corrupted King, Cabinet, and Parliament all at once, on account of the King's attempt to establish personal rule, the subserviency of his ministers, and the corrupt use of money by him to influence elections to the House of Commons. If the King had succeeded in the conquest of the colonies, which was his personal measure, his power would have been established, whereas

¹ Pownall, *Administration*, ii. 3.

² Walpole, George III., i. 278. See also ii. 26. Speaking of Grenville, he says: "Thus did this pedler in revenue confound the tranquillity both of America and Great Britain." In "*Last Journals*," ii. 360, he says that the country gentlemen had connived at all the violence against America in the hope that a revenue from thence would lessen the land tax.

³ Circourt, iii. 79 (in March, 1777).

by his failure it was ruined. Hence it is no fanciful idea of those who say that the revolt of the colonies saved the English Constitution. Frederick also noted this element at issue in the revolt.¹

The Americans were therefore admitting the theory by virtue of which they were oppressed, while fighting the applications of it. Probably this is the reason why they never could make any rational theory of their opposition. They claimed the rights of free-born Englishmen and the guarantees of the English Constitution, but they were forced to find some means of defining which acts of Parliament they would accept, and which not. This it was impossible to do by any other criterion than that they would accept those which they were willing to submit to, and others not. In order to evade and deny the authority of Parliament, they sometimes construed the relation to the empire to consist in a relation to the King only, as if he had been King of England, Ireland, Massachusetts,² etc. However, they had no idea of thus making crown colonies of themselves, and so they set up the charters against the King, or they turned

¹ Circourt, iii. 130, 176.

² "George III. was obeyed in Massachusetts as King of Massachusetts, not as King of Great Britain." (Sec. Journ. Cong., iii. 197; in 1782.)

³ Their arguments often went the length of maintaining that the charters were perpetuities, and that they created sovereignties, as if the King, in a charter, had ceded away property and jurisdiction completely. Franklin tried to deduce the powers of the Pennsylvania Assembly from those of the House of Commons, but he was told that the Assembly had no powers

against the Ministry as the party at fault.¹ When this argumentation became complicated, and was found to involve consequences on one side and the other which they were by no means ready to accept, they had recourse to "natural rights," which invariably extricated them from all difficulty.² These same difficulties appear in every attempt at reconciliation which was made. There never was a proposition of that kind made by either side to the other of which a modern student could say that the other side ought to have accepted it, as a fair settlement of the diffi-

but those given in the charter. (Balch, Penn. Letters, 110.) When the States got independence, they made short work of some charters; for instance, that of Pennsylvania. The other charters had to be set aside by great effort; for instance, in the matter of the western lands. Pownall thought that the charters ought to be respected, but he ridiculed the inference that Parliament, the great council of the empire, had lost "censorial or remedial power of self-preservation." (Administration, ii. 105.) In 1782 Shelburne said that the charters were "*sottises*." It would have been well if the States could have considered them so. It would have saved much trouble. (Circourt, iii. 46.)

¹ April 1, 1776, Washington wrote "the King's troops," saying that he would no longer keep up the distinction of "ministerial." (Reed's Reed, i. 180.)

² Bentham opposed the independence of the United States on account of the badness of the arguments they used. "The whole of the case was founded on the assumption of natural rights, claimed without the slightest evidence for their existence, and supported by vague and declamatory generalities." (Bentham, x. 57, 1827.) The report of a debate in the Committee on Rights, Grievances, and Methods of Redress in 1774 (Adams, II. 370) shows how hard it was to agree on a theory to which to refer their enterprise for justification.

culty. This is especially the case with regard to the propositions of the Americans; for they never made one which would have given reasonable hopes of smooth and satisfactory operation, — never one which we would to-day consider as free from objection, if it were proposed as a system for the relations of our States and the federal Union. As we shall see, the federal Union has had to establish itself by overcoming the very notions which caused those conditions to be inserted in the schemes of reconciliation with Great Britain.

After examining all their discussions and disputes, we throw them all aside as really unprofitable and useless. The case was not in the interminable pamphlets, addresses, petitions, and negotiations. The case was that the colonies were no longer afraid of a powerful neighbour. They could be independent; they dared to be independent; the time had come for them to be independent. In what form the issue would present itself was not essential. The question for a colony always is: Is the protection and patronage worth the dependence and submission? It is sure to come to the time when it answers in the negative, unless the relation turns so that the mother-country suffers injustice by it. After all the argumentation was exhausted, the issue which did arise was one of "principle." The English maintained a right to hold the colonies subject to Parliament as the supreme legislature of the empire, including the power of taxation; and the Americans denied the right of Parliament to tax them at all.

When all the wrangling about rights has been exhausted on a political question, it comes down to this : Has any one the means to prevent you from doing what you want to do? or, Have you any power at your command to prevent your opponent from doing what he wants to do? After the colonies had overcome the sentimental tie of loyal tradition, they were ready to break away and be independent.¹ Could Great Britain hold them?

Frederick the Great and other wise lookers-on thought it madness to provoke the quarrel, or, having provoked it, to try to conquer by force.² In a paper which was thrown into Franklin's gate at Passy, it was described as the plan "of catching two millions of people in a boundless desert with fifty thousand men."³ The things which made it impossible were the ocean, the distance, the wilderness, and the climate.⁴

The most important point to note, however, is that the revolt of the colonies was a reaction of the prevailing system against itself. We have seen in Hamilton's pamphlet against the "Farmer" that he expected other powers to intervene to aid the colonies against Great Britain. The first motive for this lay in

¹ In 1768 Kalb reported to Choiseul that the Americans were loyal to Great Britain; that they proposed nothing but commercial war, and that the interference of any other nation would drive them back at once to a reconciliation with the mother-country. (Kalb, 288.)

² Circourt, iii. 91, 165, 174.

³ Durand, 279.

⁴ Johnson's Greene, ii. 393.

the hatred which was felt by all the other nations toward Great Britain for the arrogance of her behaviour since she had won "sole dominion." Frederick was extremely bitter against her, and was very eager that the war might go on, to keep her from interfering with his own selfish and unjust schemes.¹ Spain was eager to do England an injury, and France was ready to seize an opportunity to throw off the humiliation of 1763 (some details of which, such as the presence of an English commissioner at Dunkirk, were especially galling to her), and to recover her place among nations.² The second force which was expected to come into play, and which was also mentioned by Hamilton, was far more important. It was the offer of free trade to other nations as an inducement to them to help the colonies. All this was the most natural application of the received opinions. The English had always said that their colonies were an invaluable possession. They believed it. The colonies had therefore come to believe themselves invaluable to Great Britain. The

¹ Circourt, iii. 27, 209.

² France watched the American colonies for ten years before the Revolution broke out, anticipating the moment when they would give her a chance of revenge on England. In 1764 Pontleroy was sent over, and in 1768 Kalb, to report on the sentiments, opinions, and resources of the Americans. A great amount of information was obtained and stored away which came into use in 1776. In 1767 Franklin wrote to his son that the French ambassador was courting him. He hoped that the Americans and English would give the French no opportunity to stir up trouble between them. (Franklin, vii. 357.)

other nations had always envied Great Britain her colonies, and had supposed them of great value to her.¹ This was not true, however, except upon the grounds of the received political economy, and it was an application of that political economy, not a denial of it, when the colonies said: If we revolt, we can dispose of ourselves (this valuable possession which we have always been), and we will offer ourselves in friendship, alliance, and commerce as a means to get aid. Thus they and all the other parties to the affair, while reasoning from the colonial system, helped to ruin it.² The Americans used that system, instinctively not intelligently, to get England to drive France out of North America for them. Then, by the notions of the same system, they got France to help them win independence of England. They were the only ones who were not duped, not because they duped the others, but because their situation made their doctrinal error ineffective for them, while it remained effective for the others.

¹ George Chalmers (*Strength of Great Britain*, 1804) declared that the revolt of the colonies was brought on largely by the factious assertion that England could not get on without the colonies, and by the opinion of France and Holland to that effect.

² In 1768 Choiseul was planning, with Count Châtelet, to hurt England by joining Spain in overthrowing the colonial system and admitting the products of North America to the French and Spanish colonies. That would have been a masterly assault on the traditional falsehood of the situation, by an appeal to the truth of the situation, but it involved far too wide a breach with all accepted ideas. Force of knowledge and will could not be collected to carry it out. (Kalb, 70.)

There were very few who correctly measured the significance of the revolt in the light of the new ideas. If it meant that colonies were no longer to be treated as plunder, it meant that the globe was no longer to be partitioned out among themselves by the nations of Europe. There was no longer to be a head with dependencies, but America was to be a new member of the family of nations, having equal rights with all the rest.

One man at the time saw this with wonderful distinctness. That was the French economist and statesman, Turgot. He was called upon, in 1776, for an opinion on a memoir which had been submitted to the King by Vergennes on the policy to be pursued with respect to the revolt of the colonies.¹ He thinks that the colonies are sure to win their independence. If the English should conquer the sea-coast, it could only be by devastating it. The Americans could then retreat to the interior and harass the English on the coast ; or, the Americans will bend while force is on them, only to spring up again at the first opportunity. Assuming then that independence is inevitable, he says : " This event will certainly be the epoch of the greatest revolution in the commerce and politics, not only of America, but also of all Europe." In answer to the question whether the Americans will become warlike, if the war lasts a long time, he answers that he thinks not. He thinks that they are peaceful. Wages are too high among them for manufactures to flourish, and they will not care for ships unless English ideas

¹ Turgot, ii. 551.

prevail. Then he takes up the question as to the effect of the independence of the colonies of England upon those of other countries, especially those of France, of which the only important ones remaining were the sugar islands. All European states which have colonies, said he, must either engage in constant war to keep them, or the colonies must be allowed complete freedom of commerce. "Then the illusion in which our politicians have been lulled for two centuries will be dissipated. Then we shall appreciate the exact value of those colonies which are called 'commercial colonies,' whose riches the European nations have planned to appropriate by reserving to themselves the exclusive right to sell to them and buy from them. We shall see how precarious and fragile was the power based on this monopoly, and perhaps we shall see by the smallness of the change which we experience, that it was equally empty and chimerical at the time when we were the most dazzled by it."

In 1780 Thomas Pownall published a pamphlet on the significance of the American Revolution, which he called a "Memorial to the Sovereigns of Europe on the Present State of Affairs between the Old and the New World." Pownall knew America well. He had been Governor of Massachusetts and New Jersey. He was completely emancipated from the balance of trade notions, and in this pamphlet thoroughly exposed the fallacy of the notion that America could never grow great because the balance of trade was always against her. He declared that the sovereigns of Europe might recognize the fact or not as they

chose, but it was certain that the Americans would maintain their independence, and that their appearance on the stage as an independent nation would force an entire reconstruction of the systems of policy hitherto in vogue. He said that England and France might fight as to which of them would hold America in its dependence, but that America would be dependent on neither. He had sanguine expectations of the glorious consequences which he thought would ensue, but which have not ensued. He did not doubt that if the old restraints and obstacles with which he was familiar were removed, then all must flow on rightly and prosperously. He did not know what new restrictions and obstacles would grow out of the new movement itself. This pamphlet is a magnificent forecast of the possibilities of America. As we shall see below, Americans did not cut themselves loose from European complications, did not claim an equal place in the family of nations, and did not appreciate their own destiny until after the second war. They have never yet realized that destiny in the simplicity and with the power with which this man perceived it.

These are the wider aspects of the American revolt which present its majestic features. It is when we turn to its narrower and domestic aspects that we meet with some less attractive features. Indeed, evil elements were not wanting in the grander aspects. The attempt at independence provoked surprise and doubt. An outlying continent independent of Europe, but possessed of an inheritance of European culture : what would that be like? What place would there

be for it? What changes and dislocations would it produce? There was much speculation on all these questions in camps and courts, counting-houses and academies. Of course there were also eager thoughts on the question, what could be gained from it for this one and that one. The new state was not yet created when it began to be beset by adventurers and speculators, who were eager to win profit from it.

For our present purpose, we have to notice that in the ten years before the Revolution, all the traditional ideas of political economy and all the traditional doctrines of political philosophy and constitutional order were thrown into confusion, and mixed with numerous crude and fallacious notions, without reaching any new and positive results in either field.

CHAPTER III.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. II.

Taxation. — Social discord and mobs resulting from quarrels with the mother-country. — Social revolution combined with the revolt.

IT is a difficult thing to collect taxes in any community where the industrial organization is low. Modern taxes strike the products in transfer ; and the greater the number and variety of the relations between men with respect to goods, the greater the number and variety of possible taxes. If a man lives on his own farm, consumes his own products, makes with his own hands most of his necessary utensils, etc., and if his wife spins and weaves, he need have very few transactions with his fellow-men. Barter with his neighbours will suffice for the personal and mechanical services which he needs. It is only in case he wants tea, coffee, sugar, spices, metals, etc., that he goes into the world's market at all. The easiest way to tax him is by import duties on these last things. In the situation described he needs little money, and will have but little. If he is taxed on tea, sugar, etc., he can provide for the payment of the tax just as he provides for the payment of the

price, however that may be. The English, therefore, tried to use these taxes in the colonies.¹

The next way to tax such a community would be by taxes on land and on polls, or by excises on spirits, tobacco, or other domestic products which, not being universally produced in households, must pass through the market. These taxes, especially the first two, bring the pressure of taxation home to the tax-payer with great directness, and they call for the use of money. The mother-country did not try to use these taxes. If she had done so, it would have brought her authority into every household. The colonists never had any experience of her power or authority in any immediate and personal way. The colonies, however, always experienced great difficulty in raising revenue for their own internal affairs, and one of the reasons constantly given for paper money was the need of a medium in which taxes could be paid. Kalb reported that all the colonies were in debt after the seven years' war.² This made more taxation necessary than formerly. In 1766 Franklin, in his examination before the House of Commons, stated that there were taxes in Pennsylvania on real estate, polls, business profits, an excise on spirits, a duty on negroes, and some other duties.³ He said that the amount of revenue of Pennsylvania at that time was 20,000 pounds ster-

¹ Hamilton argued, in the "Federalist," that the best taxes for the United States were import duties and excises, especially the former, which he thought free from some unpopular features of the latter (Works, ix. 69, 124).

² Kalb, 291.

³ Franklin, iv. 162.

ling, and that there were one hundred and sixty thousand white persons in that province. This would give a taxation of sixty-two and one half cents per capita, or three dollars and twenty-five cents for a family of five, per annum.

The English then, in their attempts to get revenue from the colonies, met with very great difficulties in the nature of the case. They turned from the industrial organization to the operations which go through the courts, or require legal proceedings, and devised the stamp tax.¹ It was the best tax they could have devised for the case they had to deal with, and the purpose they had in view. The colonists were litigious. The stamp-act Congress alleged against the stamp tax that the freeholds were small and the transfers frequent; hence that the tax would be very burdensome. If there was to be a tax, that was just why this one would solve the economic difficulty of getting a revenue out of that community. The revenue expected from the tax was 100,000 pounds sterling.²

The methods taken by the colonists to resist this tax consisted in suspension of the operations which were to be taxed, refusal to pay debts to Englishmen, and a boycott on English goods; also a boycott of all persons who should accept the office of stamp distributor. Walpole says³ that the first three were effec-

¹ According to a note by Dawson (*The Sons of Liberty in New York*, 42), a stamp tax was proposed in New York, as a means of revenue, in 1734, and the project was renewed from time to time between that date and 1760.

² Prior Documents, 38.

³ George III., 303.

tive. They were all, except the boycott of English goods, anti-social, and calculated to encourage disorder and a dissolution of civil institutions. If any one, or a number, chose to abstain from the use of English goods, in an effort to accomplish an object, no objection could be made to such a course. It might prove futile, but that was their affair. The suspension of all the functions of the courts was, however, quite another matter. Debtors found license, The experience of the advantage to them which could come from social disorder was not thrown away upon them. In 1768 John Adams noted the danger arising from this cause, but resolved to tell the people the whole truth and brave the danger. A party of debtors was forming out of these experiences.¹

The refusal to pay debts to Englishmen had the same effect. It was a welcome experience to a great many people that one could refuse to pay debts, and thereby win popularity and a reputation for patriotism. The riotous destruction of stamps and the coercion or abuse of the stamp officers were modes of mob rule. Those proceedings interested and occupied the idle and irresponsible people in the towns. It would never be very difficult to collect a crowd, for the fun of inflicting personal annoyance on some victim, but in those days people had a great deal of leisure. No business required the steady occupation to which we are now accustomed in almost every occupation. People took life easily. A little excitement was very welcome. The serious men also stood

¹ Adams, ii. 214.

back and allowed the mischief to go on for the sake of the cause. One is astonished at the whole behaviour of the representatives of civil order and authority in all these cases. They acted like tutors put, with inadequate authority, in charge of spoiled boys. We should to-day think any magistrate criminally guilty if he should act as Bernard and Hutchinson did when the latter were loaded with epithets of tyranny and oppression.

• There was no police, and the militia either participated in the disturbance or sympathized with it. Consequently, when disorder broke out, it ran its course, or the sober people tried to persuade the others, or to give a turn to the affair which should direct the mob spirit in some harmless course.

• The system of resisting the law by preventing anybody from accepting an administrative office under it was also a notable device which involved not a few social dangers. • The correspondence of Ingersoll, the tax-officer at New Haven, with a committee of his fellow-citizens, was published in full. It shows the temper of this method of procedure. He was met at Wethersfield and forced to sign an abdication of his office ; but he reserved the right to take it up again, if the efforts to secure a repeal of the law should fail, since it was no worse that he than anybody else should have the office, if the tax must be collected.¹

¹ R. H. Lee drafted articles of association for the citizens of Westmoreland, Virginia, against the Stamp Act, threatening undefined pains and penalties against any abandoned wretch who should contribute to introduce the Act. He established a

From the stamp-tax riots, then, must be dated a very positive relaxation of social order and growth of mob spirit. The excuse for the methods employed is, that no attention could be won in England in any other way. This excuse may stand, although it is doubtful how far the abuse of tax-collectors in America affected Englishmen. The social effect was, in any case, an incidental evil.

• The destruction of the tea was another act which had no rational connection with the purpose in view. • It was the destruction of the property itself, about which a tax quarrel was pending. It was an act of mob violence, and destruction of property. Its effect to secure an abolition of the tax was not apparent. The only excuse for it that could be made was that it was really an act of war, a first step in overt resistance to law, against which it was intended to employ all means, even military resistance. In that view, however, it ought to be regarded as an act of war, entirely outside of constitutional resistance, or any of the methods of peace and order, and ought not to be held up to our children as a laudable and glorious act in the heroic period of our history. It would be interesting to know how many times within a hundred

sort of *vehmgericht* for enforcing the articles. (Lee's Lee, i. 34.) A case is described of a Virginian who said that he would use stamp paper, and had accepted the office of stamp-collector. R. H. Lee summoned the associators, went to the house of this person, and coerced him to swear that he would not exercise the office, and to give up the paper, which was burned. (Ibid., 36.) See, in Life of Robert Morris, the case of the tax-officer at Philadelphia.

years that act has been quoted as a precedent by people who were engaging in some act of lawlessness.

•The Boston Massacre, likewise, turns out upon cool examination to be anything but an incident to be proud of.▼ If we should hear that some boys and street-idlers in the District of Columbia (which is taxed without being represented) had insulted a sentinel of the federal army on duty in Washington, had forced him to leave his post and call the guard, and that in the resulting *mêlée* between the soldiers and the mob, some of the latter had been shot, we should not regard the latter as victims of a "massacre."¹

The habit of resistance and of political quarrelling grew. To the modern reader the bickerings and quarrels between the governors and the legislatures very often seem factious on the part of the latter. The Massachusetts Assembly wrote to their agent, De Berdt, in 1768, in alarm at the proposal of an American episcopate.² Samuel Adams wrote to A. Lee on the same subject, in 1771, and justified his alarm by this piece of erudition: "The junction of the canon and the feudal law, you know, has been fatal to the liberties of mankind." Another subject of alarm was the court of probate.³ The Massachusetts Assembly, in 1767, in their message to the Governor, entered into an argument with him on the

¹ Prior Documents, 239; Kidder's Boston Massacre. In the Massachusetts Papers. 135, is a letter of Bowdoin and others, expressing a fear that a false report of the massacre might be sent to England, but their story is not given. See Historical Magazine, January, 1869.

² Prior Documents, 174.

³ Adams, ii. 284.

merits of certain acts of Parliament.¹ We should not think it a practical plan to force States to support United States troops, but we should certainly be very indignant with any State which should treat United States troops, shipwrecked on its coast, as Massachusetts treated British troops in that case.² The incidents of the growing trouble offer occasion at every step for reserve in approving the proceedings of the colonists. Burke said that the kind of books which sold best in the American trade was tracts of popular devotion, and next, law books. He quoted General Gage, that "all the people in his government are lawyers or smatterers in the law, and that in Boston they have been enabled by successful chicane wholly to evade many parts of one of your capital penal constitutions. . . . This study renders men acute, inquisitive, dexterous, prompt in attack, ready in defence, full of resources. In other countries the people, more simple and of a less mercurial cast, judge of an ill principle in government only by an actual grievance. Here they anticipate the evil, and judge of the pressure of the grievance by the badness of the principle. They augur misgovernment at a distance, and snuff tyranny on every tainted breeze." ³

This is a very fair description of the case, only that it allows of an ironical or unfriendly interpretation, which might also be justified. One is often reminded, in studying these proceedings, of the faults of young

¹ Prior Documents, 127.

² Ibid., 236.

³ Quoted in Correspondence of George III., ii. 2.

lawyers; and it was a remarkable characteristic of the colonists that they were fond of hanging an argument on the remote and speculative inferences from a measure, or on the dogmatic deduction which they called a "principle." Hence their discussions had an extravagant and unreal character. Quincy's "Observations on the Boston Port Bill" are disappointing in this same way. One would like to know what he had to say about the destruction of the tea, speaking as a lawyer and responsible man, and how he would deal with the Port Bill as a penalty, directly connected with that action; but he goes off into a disquisition on general political dogmas, and when he touches on the issue, comes down to the technicalities of a town-meeting.¹ If men have absolute natural rights, then any regulation of those rights involves the possibility of abuse. This gives a very broad platform for political dissent and recalcitrancy.

Passing over all those incidents and doctrines which will not be useful to us further on, in connection with our immediate subject, a few words must be given to the principle or maxim, "No taxation without representation;" for this dictum may still be heard among us, and it is put forward as an absolute principle, having the sanction of revolutionary practice and profession. It is one of the formulas which came into use in the seventeenth century among the English Republicans, or opponents of the Crown, and was transplanted to America. It was aimed, not at the Parliament, but at the Crown. It meant that no

¹ Quincy's Quincy.

taxes ought to be collected when parliamentary institutions were suspended. It was a part of the fight against a king who tried to raise taxes by prerogative, without calling a Parliament.¹ It is a good illustration of the way in which political maxims, when they become stereotyped, change their contents. There always were whole classes of people who were not represented in Parliament, as there are such classes now among us. The dictum never meant that they could not be taxed. The dictum, however, as the colonists used it, exposed them to be answered in just this way, namely, on the historical and legal sense of their proposition. and it obscured to them and others their real grievance and their real demand. They never wanted to be represented in Parliament. They wanted self-government, and did not want to have their property taken from them at the will of another commonwealth across the ocean. They gained nothing by their alleged principle of the British Constitution. They would have gained much by a plain statement in their own language of their own case.

One inevitable effect of mob methods and lawlessness was that the people of established position were repelled from the movement of the whigs. With very few exceptions they became loyalists. In 1774 Gouverneur Morris was eager for a reconciliation. "I see, and I see it with fear and trembling, that if the

¹ In 1764 R. H. Lee tried to meet this contention by saying that the general intention of the dictum was that the people should be protected from all imposition.

disputes with Britain continue, we shall be under the worst of all possible dominions, — the dominion of a riotous mob.”¹ When the courts were closed in 1765, John Adams wrote: “Debtors grow insolent, creditors grow angry, and it is to be expected that the public offices will very soon be forced open, unless such favourable accounts should be received from England as to draw away the fears of the great, or unless a greater dread of the multitude should drive away the fear of censure from Great Britain.”² Thomson also wrote from Philadelphia that the courts and offices of government were all shut. “Numbers of people who are indebted take advantage of the time to refuse payment, and are moving off with all their effects out of the reach of their creditors.”³ In 1774 Adams wrote to his wife describing the terror and misery of a family visited by a mob. “These private mobs,” he writes, “I do and will detest. If popular commotions can be justified in opposition to attacks upon the Constitution, it can be only when fundamentals are invaded, nor then, unless for absolute necessity and with great caution.”⁴ In 1775 he was very much alarmed about the effect on the people of disrespect to the judges. He says the people rarely know what sets them in motion, or what the effect of their action will be. He feared that Judge Oliver might be tarred and feathered for taking the King’s salary.⁵

¹ Morris’s *Morris*, i. 4.

² Adams, ii. 155.

³ Thomson Papers, 7.

⁴ Adams’s *Letters to his Wife*, i. 13.

⁵ Adams, ii. 328.

He was very much dismayed when, upon his return from the Congress of 1774, an old client, whom he had several times extricated from difficulty, warmly congratulated him on the glorious work of Congress in once more suspending the courts. "Are these, then," writes Adams, "the sentiments of such people, and how many of them are there in the country? Half the nation, for what I know; for half the nation are debtors, if not more, and these have been, in all countries, the sentiments of debtors."¹ He falls back, for reassurance, on confidence in the majority.

The revolt of the colonies therefore was not simply a separation from Great Britain. It contained a social revolution within itself. This revolution was, on the whole, good in its effect. Every colony was under the dominion of a clique of pets of the Crown, or the proprietor, or under a coterie of families, which held together and controlled patronage. These cliques were obstructive. They held the offices, kept down rising merit, discouraged all new men, and restricted the growth of the colonies, lest that growth should undermine their position. Those families which had power, but did not share this feeling, became whigs. The Revolution, therefore, set free new and very vigorous social energies, which had before been repressed; and this was one great cause of the *élan* with which the country sprang up after the war. However, it ought always to be a painful thing to see social storms sweep away acquisitions of wealth and

¹ Adams, ii. 420.

social position.¹ It may be the fault of the sufferers. That has nothing to do with the loss to society, which sees some work lost which had been accomplished, and some acquisitions perish which cannot be replaced without new expenditure of energy, which, if the old had been kept, might have added something new. The great secret of social progress from the bottom of civilization to the top is to keep what we gain without set-backs.

The persons who became whigs, then, at the beginning of the Revolution were, as to the mass, those who had nothing to lose. That class included those who had something to gain. Those who had something to lose took the other side. There were, however, whole districts in which nearly all were loyalists; and Graydon says that the lower ranks of the people in Pennsylvania were not whigs in 1776.² He says that the opposition to England was aristocratic. In the middle and southern colonies this was generally true; that is, the people of education and wealth first knew what measures were being taken, and first began to set themselves in hostility to those measures. The men of those classes, therefore, throughout the colonies, who approved the measures adopted by Eng-

¹ Madame Riedesel mentions that the officers of Burgoyne's army were quartered in a house at Cambridge, Mass., one of seven formerly owned by loyalists who had lived here neighbours, in splendid mansions, with farms, gardens, and orchards, being in the habit of daily social intercourse. The war had forced them all to fly, and the places were left desolate. (Memoir, 195.)

² Memoirs, 34.

land, or held that the colonies had no grievances, were very few indeed. They formed no class. Hence the distinction of whig and tory came to be drawn according to the point at which different persons drew the line where the means of redress proposed were considered legitimate and expedient or not, and the mob methods weakened the cause by forcing many to the conviction that although the grievances were real, yet the perils of revolution were greater.

Hamilton wrote, in 1782, that half the people of New York were not whigs at the beginning, and that one third of them sympathized with the enemy at the time of writing;¹ but he had written to Jay, in 1775, that the whigs were in the great majority in New York City.² Greene wrote to Washington urging that that city should be burned. He said that two thirds of the property in it belonged to tories.³

Sabine's "Loyalists" gives one a very decided conviction that the loyalists included most of the educated and wealthy; and the best evidence goes to show that although many persons who began as whigs "went in," in the first years of the war, disgusted especially with the lawlessness which we are noting, the drift, after 1777, was the other way. Galloway, who of course was not an unbiassed witness, affirmed that not one fifth of the people sustained the Revolution from choice.⁴ His notion was that the plotters

¹ Works, viii. 69.

² Johnston's Jay, i. 41. Winsor has a long note on the proportion of loyalists (vii. 187).

³ Amer. Arch., v. 2, 182.

⁴ Examination, 7.

had raised an army, disarmed the rest, and forced them to accede.

On account of this social division, the Revolution had to bear the weight and odium of a set of persons who had been practising riot and lawlessness for ten years. The years 1774 and 1775 were spent by all in a transition from the schemes and hopes of reconciliation, to the conviction that independence was the only solution. Some reached that point a great deal sooner than others. In this period all the bonds of civil order were necessarily very much relaxed; and the agitation, which even the best were forced to carry on, gave a cover to the worst. In 1776, after independence was determined upon, it was necessary to reorganize the governments of the States, and to do this in the midst of active and unfortunate military operations. In the interval great power had been intrusted to local committees, who found themselves for a time in possession of irresponsible power; and to these committees most dangerous functions of disciplining Tories, enforcing the association, and the circulation of the continental money, had been given, the effect of which we will now proceed to notice.

It is, however, already evident that all the circumstances of the period, 1765 to 1776, were highly favourable to the development of a lawlessness and recklessness which in a loose colonial society needed no encouragement at all;¹ also that there was one

¹ Hamilton, in the "Farmer Refuted," wrote: "That there have been some irregularities committed in America, I freely confess," and proceeds to apologize for them (Works, i. 149).

interest, the debtor interest, which had a strong motive to hope that, in some way, out of the commotion relief for them would come. We must add to this the current declamation about liberty, which was plainly calculated to heat the brain of all untrained men, who eagerly accepted a theory which seemed to mean that they ought to have their own way in the world. Graydon, who went through it all, wrote, when an old man: "Notwithstanding this almost unanimous agreement in favour of liberty, neither were all disposed to go the same lengths for it, nor were they perfectly in unison in the idea annexed to it. Wilkes had just rendered the term popular in America; and though perhaps there is not any one in our language more indefinite, yet the sense in which it was doubtless most generally received was that which brings it nearest to licentiousness and anarchy, since hallowed by the phrases of equality and the rights of man."¹ When the sober men of that day spoke of "liberty," they often, almost unawares, meant independence, for they meant freedom from restraints imposed by England. A relaxation of civil order and of the authority of law, together with the demoralization of debtors, seduced by a hope that through civil commotion they might escape from their contracts, were among the first domestic effects of the quarrel with Great Britain.

¹ *Memoirs*, 122.

CHAPTER IV.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. III.

Persecution of tories. — Outrages. — Spurious patriotism.

THE darkest blot on the history of the Revolution is the treatment of the loyalists. This revolution, no more than others, could run its course without proscription, persecution, and confiscation. As we have seen, opinion moved over from unanimous and enthusiastic loyalty, to the case in which a majority favoured independence, although it was probably a bare majority of the population of the thirteen colonies. If some did not advance so rapidly on this line as others, they were subjected to abuse. In any such political change there is a presumption in favour of what is, and against revolution or innovation. The abuse of the tories was not executed under martial law, or in the neighbourhood of the seat of war. If such had been the case, our judgment upon it must be different. If the majority had forbidden the minority to take up arms, or to give intelligence and aid, or to organize ; or if their stricter measures had been reserved for times and places where there was much at stake ; or if even a regular tribunal had been charged with the duty, even though it might be a military tribunal, — the case

would have been far different. If the whigs had been exasperated at persons who were by turns combatants and non-combatants, some extreme measures might have been excused. But the case was that the proscription was made general. Tories were formally hunted by detachments. They were exposed to the most cruel and humiliating personal abuse. They were punished for opinions, or at most for words. The punishments were in the hands of utterly irresponsible persons or committees.

One thing which forces itself on the notice of a student of a period like this is that nobody ever starts out with malice and set intention to perpetrate a gross outrage. When the truth of the matter comes out, it is found that there was a series of antecedent and retaliatory outrages, which led up to the great one which shocks everybody as inconceivably wicked. For instance: The murder of Huddy was one of the very worst outrages of the war. It is, however, possible to trace a whole series of retaliations between the whigs and tories in East Jersey, Staten Island, and Long Island, throughout the war, which embittered the parties against each other until this final outrage capped the climax.¹ The burning of Falmouth was an outrage which it is hard to understand; but it seems that in January, 1774, a subordinate custom-house officer at that place, for conduct in the line of his duty, for which he, as a subordinate, was not at all responsible, but which was in the administration of the obnoxious admiralty regulations, was most

¹ See Moore's Diary, i. 182, 198; ii. 255, 322.

inhumanly tarred, feathered, and otherwise abused.¹ The suggestion at once presents itself that the latter outrage furnished a motive for the former. Tryon's descent on the towns along the Sound in Connecticut, up to New Haven, connects itself irresistibly with the exploit of Sears and his party, who went to New York to destroy Rivington's press.² The Wyoming massacre was preceded by long conflicts between whigs and tories in that region.³ Brandt's expedition was alleged to be in revenge for the invasion of Canada.

In all such cases the question is, Who began it? That is very difficult to learn, because the beginnings, in most cases, were trivial. It seems certain that the whigs began the acts of violence, as between them and the tories. They spoke later about malignant tories; and the tories did manifest a very malignant temper. It is not strange. Inasmuch as there was no declaration of war, there was no moment after which it could be said to be treason to aid the enemy. Inasmuch as there was no Union until March, 1781, and the State governments were reconstructed one after the other during 1776 and 1777, it would be difficult to set a time after which a man was guilty of rebellion, if he resisted the American military operations. Congress, which had no constitutional authority at all, passed a resolution, Oct. 6, 1775: "that it be recommended to the several provincial assemblies, or conventions, and councils or committees of safety, to arrest and secure every person in their respective

¹ Prior Documents, 254; Almon, 1776, part iii. 89.

² Moore's Diary, i. 173; ii. 190.

³ Ibid., ii. 72.

colonies whose going at large may, in their opinion, endanger the safety of the colony, or the liberties of America." The lack of constitutional authority was of no importance for the political and military work of Congress, but it may reasonably be taken into account when their acts affected personal rights and liberty. March 14, 1776, Congress passed a resolution for disarming tories, which, as John Adams said, "left all the powers of government in the hands of assemblies, conventions, and committees, which composed a scene of much confusion and injustice, the continuance of which was much dreaded by me, as tending to injure the morals of the people and destroy their habits of order and attachment to regular government."¹

Long before this, however, the work had begun. Feb. 27, 1775, Dr. Clark was ridden on a rail at Hartford, and cruelly injured. The doctor who succoured him was threatened.² In March a writer in Boston addressed the Provincial Congress of Massachusetts in a memorial, five pages in length, in which he gives a list of outrages, with names and places. Some of them are Ku Klux outrages.³ In May, 1775, the tories of Worcester were disarmed and forbidden to leave town or to meet together.⁴ In June two men were tarred and feathered in South Carolina for "indecent and daring behaviour."⁵ October 6, occurred the case of Hunt and Kearsley at

¹ Adams, iii. 34.

² Moore, i. 26.

³ Moore, i. 37.

⁴ *Ibid.*, 33.

⁵ *Ibid.*, 90; Drayton, i. 273.

Philadelphia. Hunt was a lawyer who had undertaken the case of a man from whom a piece of linen had been sequestered under the association.¹ He was carted through the streets, accompanied by a drum, and followed by a rabble. Dr. Kearsley had written some letters which were intercepted. They were said to misrepresent public persons and public proceedings. When the Hunt procession reached his house, he denounced it. Thereupon he was put in the cart, and Hunt was released in a submissive frame of mind. He went to Barbadoes, became a clergyman, and afterward went to England. He was the father of Leigh Hunt. Dr. Kearsley was imprisoned at Carlisle, where he died in November, 1777. Graydon, who saw Kearsley carted, says: "What were the feelings of others on this lawless spectacle, I know not; but mine, I must confess, revolted at it. I was shocked at seeing a lately respected citizen so cruelly vilified, and was imprudent enough to say that, had I been a magistrate, I would, at every hazard, have interposed my authority in suppression of the outrage."² Jan. 3, 1776, Congress passed resolutions against the people of Queens County, New York, for voting against sending deputies to the Convention of New York. They were put out of the protection of the united colonies. Trade and intercourse with them was to cease. No one of them was to be allowed to travel or abide in any part of the colonies without a

¹ Amer. Arch., iv. 3, 470.

² Memoir, 126; Moore, i. 148; Marshall, 39, 143; Amer. Arch., iv. 3, 470.

certificate from a convention, or committee of safety of New York, that he is a friend of the American cause, and not one of those who voted against sending deputies. Colonel Heard of New Jersey was ordered to take five or six hundred men and march to the west side of the county, and Colonel Waterbury of Connecticut with the same number to the east side, and disarm all who voted against sending deputies ; also to arrest the principal men, whose names were appended. February 8, the county having elected deputies, the interdict was raised, provided a majority of the inhabitants would sign the association. For long afterward that district was the scene of retaliatory outrages between the two parties.¹ In 1776 there was a real civil war in South Carolina between whigs and tories.² The battle of Moore's Mountain, in North Carolina, was fought between two armies of the domestic factions.³ Sept. 14, 1776, the Pennsylvania Committee published an order for punishing all who should speak or write against the United States in order to obstruct the measures for securing independence.⁴

In April, 1781, Marshall mentions in his diary that he saw at the barracks, in Lancaster, five or six hundred prisoners, and with them one hundred refugees or tories, "whose appearance was the picture

¹ Onderdonk's Revolutionary Incidents of Queens County, 43 *et seq.* ; Memoirs of the Long Island Historical Society, ii. chaps. ii., iii., iv. See especially page 85.

² Laurens Correspondence, 28.

³ Caruthers, 110.

⁴ Marshall, 92.

of human poverty and want, both in clothes, flesh, and meagre looks."

Speaking of the Quakers banished from Northumberland May 18, 1780, Reed says: "These are really distressing cases, when suspicion is to stand for proof, and necessity makes the law. I am fearful that an entire discharge will have a very bad effect, and yet it seems a stretch of power to hold them in confinement when no cause is shown."¹

Nov. 27, 1777, Congress recommended the States to confiscate and sell the property of tories, and invest the proceeds in loan office certificates, to be appropriated as the States see fit. Very large confiscations took place, although in the end a great deal was restored. One of the most singular things about all this matter is that so few, if any, leading whigs made any protest against it. Hamilton wrote in 1777, approving of the rules about tories adopted by the New York Convention. "Lenity and forbearance have been tried too long, and to no purpose. . . . But in dispensing punishment, the utmost care and caution ought to be used." Power to do it should be trusted only to wise hands. Tories should either be made harmless, or won by clemency.² April 29, 1777, he wrote to Livingston that Washington desired that examples should be made of some of the worst of the disaffected.³ At the peace Franklin was especially fierce against the tories.⁴ At that time Adams said that if the States should indemnify the tories "it

¹ Reed's Reed, ii. 199.

² Works, vii. 486.

³ Works, vii. 490.

⁴ Dip. Corr. Rev., vi. 491.

would seem an implicit concession of all the religion and morality of the war.”¹

The specimens here given are only a few from those on record of the outrages on the tories, but they may suffice.² Some are too horrible for belief.³ A long list of tory outrages could also be collected.⁴ The whole subject is too painful, but it seems necessary to have a few facts before us in order to realize the social disorganization which attended the Revolution. The Americans themselves were in a state of rebellion, and those who adhered to the old government were, by construction, in rebellion against them. Graydon says that in the summer of 1777 the country

¹ Dip. Corr. Rev., vi. 443.

² See Dawson's "Westchester County" for a long narrative of them. The Proceedings of the Provincial Congresses of New York and New Jersey, and of the Council of Safety of the latter State, bear witness to the spirit of the persecution, the nature of the alleged offences, the character of the evidence, and the sufferings of innocent men and women. Onderdonk's Revolutionary Incidents of Queens County, also of Suffolk and Kings County, and his "Queens County in Olden Times" contain numerous cases of outrage on both sides, and prove the social dissolution which existed.

³ Saint John de Crevecoeur (i. 322) tells a story of a man who was hanged to the verge of strangulation on a charge of giving a night's lodging to a person who had shared in the Wyoming massacre, but it is permitted to believe that the story is somewhat embellished. See also the story in Madame Riedesel's Memoirs, 196.

⁴ Caruthers, 159 *et seq.*

⁵ In Kemble's Journal (N. Y. Hist. Soc. 1883, p. 62) is a very ingenious antithetical statement of the attitude of the Americans toward the English on one side, and the tories on the other.

was full of majors and colonels, mostly bar-tenders, brimful of patriotism, which meant to hate and persecute tories.¹ He implies that the militiamen stayed at home, talked grandly, persecuted tories ; and that such men got all the glory.² The essence of the cause for which the whigs were contending, he says, was freedom ; “ and yet all the freedom it granted was, at the peril of tar and feathers, to think and act like themselves.” He had been in the army.

We turn next to the measures adopted for making good the resistance to Great Britain. The weakness of these, and the effect of the mistakes involved in them on the people, will set before us other social and political features of the time which enter into our field of study. We are seeking in this period of convulsion the germs and explanations of the phenomena of the later period, when American institutions and the American political system were taking shape. If we can get an accurate and comprehensive idea of these matters, we shall be able to understand with ease the subsequent developments. We have already seen that there were powerful influences at work to educate the American people in anarchism.

¹ *Memoir*, 283.

² *Ibid.*, 306.

CHAPTER V.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. IV.

Defects of the Measures for coercing England and carrying on war. —
Commercial War. — The second impulse of common sentiment. —
Continental Currency.

It does not appear that the Americans, in 1774, expected an armed collision with Great Britain. They believed that their non-importation agreement, in 1765, had been very effective to secure the repeal of the Stamp Act. They had tried, in 1768, 1769, and 1770, to unite in other agreements of this kind, with only very slight success, but they had unabated confidence in the efficacy of the device. They believed that a congress to secure a real hearty co-operation of all the colonies in this measure would force attention and bring redress.

The faith in commercial war is very persistent. It is by no means dead yet. Commercial war may be used either as an adjunct of military war, or to supplement military coercion, or, without going to war, to force concessions in tariffs and prohibitions. In every case it is what Daniel Webster called it: "Pernicious as to ourselves and imbecile as to foreign nations." The retaliation never works as expected. All experience shows that the effect of retaliation is

not to make the other party recede, but to do one of two things. Either he does not know that retaliation is intended for a wrong previously done by him, or he does. In the former case he regards himself as the victim of a fresh and unprovoked wrong. In the latter, his pride and stubbornness are aroused not to let himself be coerced. In either case he does not recede, but answers with a new attack, stronger than his first one. Hence it is in the inevitable philosophy of retaliation that it leads on from bad to worse, and produces destruction and loss at every step.

Tariff wars, embargoes, non-importation laws, and the whole series of devices of this character prove over and over again the statement just made. They are almost utterly ineffective for the purpose in view. Then, again, it is necessary in them always to hurt one's self a great deal in order to hurt the other party a little. All trade goes on for mutual advantage. It is a complete mistake to regard trade as a favour done by one party to another, or as a possession or property. A merchant treats his customers as persons who have done him a favour. This is by courtesy of intercourse, or because he wants to attract the customers to himself from a rival. He also regards his customers as a sort of clientage, attached to himself, so that the good will of the business has the character of a possession or property. It is from the extension of these notions to the entire market that the notion grew up that the trade of nations is a property of nations, and that buyers do favours to sellers.

It is evident, however, that the merchant's notions

just mentioned are personal only. As soon as we take in the whole market, the relations which are personal to him disappear. This fallacy is one against which we must always be on our guard when reasoning from individuals to the society. Some relations accumulate in going up from the individual to the society; others cancel. When we view the market, there are no buyers and sellers, but persons exchanging with each other. Each one is giving and taking. The advantage is mutual. No one is under obligation to another. Every obligation is discharged and finished when an exchange is made. The operation is also entirely impersonal. Exchanges are made in immense numbers between people who never meet, and never know anything about each other. Even the personal relation, in the individual cases, when it comes to the surface, rests properly on nothing but mutual interest. If A makes his exchanges with B rather than with C, it is properly only for the reason that his interests are better served by B than by C. If that was not the case, he would be making presents to B all the time. If then he transfers his exchanges from B to C, out of anger or favour, he must sacrifice the advantage which he had with A, and he will be making presents to C. If he goes without what he used to obtain from A, he lowers his comfort, and exposes himself to suffering. If we take the other side, and consider the case of a man who refuses to *sell* his products to somebody, out of malice or hostility, we see that he may expose the latter to suffering, but he must recede from the industrial or-

ganization. He has to face the question, what he is here for, and how he hopes to get his living. Perhaps the grandest case of delusion from the fallacy of commercial war which can be mentioned is the South in 1860. They undertook secession in the faith that "cotton is king," and they had come to believe that they had a means to coerce the rest of the world, by refusing to sell cotton. As soon as they undertook secession, their direst necessity was to sell cotton. Their error came down to them in direct descent from 1774, and Jefferson's embargo.

These are the fallacies which are in any boycott, big or little. There is a self-contradiction in the device. We are here to exchange with each other. We are absolutely dependent on mutual services. It is social suicide to resolve that we will not render them. For these reasons the commercial war undertaken by the colonies in 1774 was futile as to its purpose. It should, however, be noted that if we count the Albany meeting of 1755, to concert plans against Canada, as the first throb of common interest and united action between a number of the colonies, then the stamp-act Congress was the second and more powerful one, and this Congress of 1774 was the third. It showed by comparison an immense increase in vitality. Franklin said, in 1760, that the colonies were not able to unite against the mother-country. In proof of it he referred to the meeting of 1755, at which he said that the only union which did take place was due to the authority of the crown.¹ In the

¹ Franklin, iv. 42.

two later congresses the colonies had at least reached the point of being able to adopt a measure of spontaneous union.

It was common interest and common danger, not sympathy and affection, which drew them together. The latter sentiments were conspicuous by their absence. It is one of the points which we have to note here, that every step toward union was forced by some major necessity which was great enough to overcome the separatist tendencies which all the sentiments and prejudices contributed to strengthen. The Congress of 1774 sat only a few weeks. Few if any had any idea that it would stand as the first of the sessions of a great representative and legislative body of a great State composed of the thirteen colonies. It was nothing more than a conference to organize the commercial war. If their petition had been heeded in England, it would have stood as isolated as the stamp-act Congress.

The articles of association were a bond of voluntary agreement. Besides the non-importation and non-exportation agreement, they included a non-consumption agreement, a renunciation of luxury and amusement, and an attempt to regulate prices so as to prevent effects on prices which were obviously to be apprehended from the other measures.

In all common-sense and right reason, if the colonies had expected to have war with England, they should, instead of breaking off trade with her, have removed any and all possible obstacles to trade with her. That would have been boldly flying in the face

of all the received notions, but it would obviously be the only wise course. When the war began, they had scarcely any powder or lead, few guns, little cloth or leather, or means of making them, and were in general almost destitute of supplies for an army. If these things were to be got cheaper and better in England than anywhere else, there was the place to buy them. Instead of thinking of the commercial profit which English merchants would gain (which, according to the notions of the time, filled their minds), they might better have regarded it as a sort of spoiling the Egyptians, to get from England the cheapest and best supplies with which to fight England.

Instead of refusing to sell, they should have sold all they could ; and if England was the best market, they should have sold there so as to gain as much as possible, all of which would be strength for war. The reason why they did not do this was, that they regarded the commercial war as an independent means of coercion without war, and because the minds of men were entirely filled then, in regard to commerce, with the notion that it was a power and a property in some sense beyond the convenience served by it in the supply of wants. This commercial war, however, like very many others, proved only a delusion as a means of avoiding war ; it only introduced war. Instead of coercing the English Government it was taken as an act of rebellion ; and in February, 1775, an Act of Parliament was passed to forbid New England to trade anywhere except to Great Britain, Ireland, and

the British West Indies, and to exclude the same colonies from the fisheries of Newfoundland. This was extended in March to all the colonies except New York, Georgia, and North Carolina. The first two had not accepted the association, and it was thought that the third would not.

Thus the response to the American resolve not to trade with Britain or her dependencies, was a prohibition to trade anywhere else. On the supposition of peace and continued connection with Great Britain, which was the standpoint of the association, the commercial war had issued in a deadlock.

In its internal aspects it was no more fortunate. The association was not adopted by Congress without developing very serious dissensions and local jealousies. In South Carolina, the rice exception came near dividing the State, and may have had a share in the actual armed division which arose there.¹

It never was enforced. The trade went on between England and America, but through Holland and the West Indies. The money which Laurens borrowed of France in 1781, was spent in Holland, to the great dissatisfaction of the French Government, and, according to Lord Sheffield, for English goods.²

The non-consumption agreement in the association was a different matter. If the colonists really chose to abstain from certain articles of luxury, at a time of solemn undertaking, it might be very honourable and useful to do so, but unfortunately the attempt was made to enforce this by those who wanted to do it

¹ Drayton's Memoirs, i. 168.

² Observations, 10.

against those who did not. Also the restriction of prices was a matter of inevitable tyranny.

The enforcement of these measures was intrusted to local committees with consequences which we shall note.

After the battle of Lexington the scene changed. The case was then one of armed conflict. Never was a war undertaken, and never did a people find themselves at war, if that statement fits the case better, so illy prepared. Never was a contest carried on by means so ludicrously proportioned to the enterprise. It is possible to speculate as to the probable results, if the Americans had made no military preparations, and had simply waited for the English to wear themselves out in a struggle with passive resistance, or if the Americans had carried on an energetic war, supported by adequate organizations of army and finance. They did neither; and the result was that the enterprise and the apparatus were constantly in violent, and, if the matter had been less serious, ridiculous, contrast with each other.

Instead of organizing a conscription, or an adequate militia organization, the recruitment was left to a volunteer system with extravagant bounties, which exhausted the pecuniary resources without putting them at the disposal of the Congress. Instead of laying taxes, taxes were really reduced, for the Congress got none, and Great Britain had formerly obtained seventy-five or eighty thousand pounds.¹ The real reliance was on paper money. Of this the thir-

¹ Adams, ii. 363.

teen colonies which revolted had all made use. They were all familiar with it. It was a discovery of theirs, and the world has never yet understood that discovery at its full value and true significance. They were themselves far from understanding it. It was like a genie in the Arabian Nights, which could be evoked, but how it would behave they were by no means sure.

The scheme of the continental paper was by no means bad financially. It was proposed by G. Morris in the New York Congress, and by that body transmitted to the Continental Congress.¹ By the Resolution of July 29, 1775, each colony was to make its arrangements for taking in its share of the notes issued by Congress in its own way. The proportion of the total issue which it fell to the duty of each colony to redeem was allotted according to total population on the best estimate of that which could be made, and subject to ultimate adjustment. For instance, out of a million dollars the share of New York was \$80,000. If Congress paid out a million dollars in notes, which passed into circulation in all the States, including New York, that State was to lay taxes to the amount of \$80,000, which would be payable in the notes. This would bring \$80,000 into the State treasury, where they could be burned. Congress could then issue more, which would follow the same course. As long as it was kept up, Congress, which had no power to tax, could use the State power to tax, so as to reach the people. The notes also

¹ Sparks's Morris, i. 38.

would be cancelled so as to keep down their amount. The device was therefore what they called "anticipations" at that time ; and it was a very ingenious adaptation to the combination of States, of a device which had been used in the States before.

As the notes bore no interest, the interest paid by a community which used them for the "advance" of the year's revenue was very heavy ; but it was concealed, and they never knew it. The device was set in operation with one mistake ; and although there was no important financial blunder in it, there was a fatal political blunder, for the paper-money difficulty is always political, not financial. The mistake was that the time set for the States to take in this first issue was not within the year, but in four instalments, — on the last day of November, 1779, 1780, 1781, and 1782. The motive of this plainly was to make it easy, and it was probably expected that the war would last only a year or two. The real effect was that there was an immense inflation before the time set for the first redemption was reached.

The political blunder was that the States immediately saw that they had given to Congress power to levy taxes. On the scheme Congress could decide, in its good pleasure, what amount to issue ; and each State was held to take care of the quota assigned to it, whatever that might be. It was useless to hope that they would do that. The spirit which animated them was very different from that which would be required by that arrangement.

The first issue was made on the "pledge of the

colonies." Later the current phrase became that "Congress pledged the faith of the continent." That phrase was used until, considering what it ought to have meant, and the solemnity with which it ought to have been used, it was a scandal. They appeared to be ready to get anything on credit, and to promise anything by pledging "the faith of the continent."

The amount issued in 1775 was five million dollars, and in 1776 nine million dollars. The current assumption at the time was that the specie value of the circulation when the war broke out was thirty millions. This was too high. P. Webster, reckoning from the rate of depreciation, put it at twelve, and later at four. The States were issuing very largely at the same time, and the computation is probably impossible. Depreciation was first officially acknowledged in January, 1777. As it was always understated, it probably began earlier.

In the first two years, then, Congress had administered this device very cautiously. When the depreciation began, they became more reckless. As the depreciation went on, they set the opinion of the country that depreciation was unnecessary, that it was a result of malice, that it was brought about by monopolists, speculators, forestallers (persons who bought up to hold for a rise, although the old sense of the word was, one who went out to meet goods on their way to market and bought them before they were exposed in the market), and engrossers (persons who bought large amounts, to win a monopoly in the market) ; furthermore, they adopted the opinion that

depreciation could be prevented by police regulations to offset these devices, by legal-tender laws, and by fixing tariffs of prices.

This brings us to the point of interest to us now in connection with our subject. The administration of the laws against forgeries, and in support of the association, and of the laws to enforce the circulation of the continental paper money was intrusted to committees of safety or inspection.

CHAPTER VI.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. V.

Tyranny of committees. — Executive committees of Congress. — Ill effects on military and financial administration. — Factions in Congress. — Factions among foreign representatives.

GORDON represents the committees of correspondence as having taken their rise in an effort to show that Hutchinson was wrong when he represented the whole trouble as resting only with a few busybodies. The intention was to unite all who were dissatisfied in a way to make their number and importance evident.¹ These committees began to be formed anew in 1773. They were very useful and effective in sending information, and in bringing about sympathy and union. The committees of correspondence transmitted the news of the battle of Lexington from Wallingford, Connecticut, to Charleston, South Carolina, in seventeen days, by expresses and relays.² In view of the lack of facilities for the transmission of intelligence, and the great need of transmitting it in order to develop community of feeling and interest, these committees were very important.

They seem to have set the example for other committees which undertook the work of police and admin-

¹ History, i. 312. Dawson claims prior invention for New York; namely, Oct. 18, 1764. (Sons of Liberty, 60 *et seq.*)

² Drayton, i. 276.

istration, either against the old governments or in the interval between the old and the new. The committee at Philadelphia caused Hunt to be carted in August, 1775.¹ On the 6th of October, 1775, they sent to Chester to arrest a person supposed to be on his way to Europe with letters. Such letters were brought back, opened, and being, in the opinion of the committee, "calculated to inflame the minds of people in England against the colonies in general," three of the writers were arrested and imprisoned. Dr. Kearsley was one of these. On the 7th they arrested more persons with letters. Congress ordered these prisoners turned over to the committee of the State.²

On the 10th of June, 1776, the same committee arrested a Jew for cursing Congress; but being somewhat abused, he informed against another who, he said, had instructed him in those points. The mob went to the latter's house. He ran away. They injured his house and property.³ In June Congress, in order to limit mob violence against tories, resolved that no one should be molested in person or property unless by an order of Congress, or a convention of the colony, or a committee of safety.⁴ In July the Philadelphia committee appointed a sub-committee of secrecy to examine all inimical and suspected persons.⁵ In that month the committee suspected a Mrs. Arrall, who was about to leave for New York, of

¹ See p. 57.

² Marshall's Diary, 39, 45, 48.

⁴ Cong. Journ., ii. 212.

³ Ibid., 76.

⁵ Marshall, 81.

carrying on a correspondence with the enemy. They arrested her and brought her before the committee. It appeared that she had only been guilty of some unguarded language.¹ On the 4th of September William Allen declared that he would shed his blood against independence. This led to an altercation with John Bayard. A complaint of Allen was sent to the committee. He belonged to the leading family in Pennsylvania, which was entirely broken up and ruined by the war. In the same month that committee was dissolved.² In 1777 a person writing to Laurens from Georgia, complains of the extravagance and lawlessness of the whigs. He says that the community is ruled by tavern meetings and "nocturnal societies."³ In July, 1777, a new society was formed in Philadelphia to help in compelling everybody to take the oath of allegiance or leave the State. Graydon mentions a Quaker who was nearly ruined by the patriots, who would take a horse or a cow, sell it for taxes, and never give him the difference.⁴ Special taxes and exactions were quite generally laid on tories; and as the Quakers would not take up arms, and assumed, for the most part, an attitude of neutrality and indifference, they had a great deal to complain of.

In March, 1775, a county committee in New Jersey published a man for drinking tea.⁵ In September, 1775, a man was before the Philadelphia committee for denying their authority with regard to some tea.

¹ Marshall, 86.

² *Ibid.*, 91, 93.

³ Laurens Correspondence, 39.

⁴ Memoir, 325.

⁵ Marshall, 15.

In the same month the committee fixed the amount of salt to be sold to each county out of a lot which had apparently been confiscated.¹ Marshall himself, having moved to Lancaster, was informed by his son that the price of sugar was rising. He hastened to buy as much as he could of his neighbours in Lancaster before they heard of it. He does not appear to have noticed that he was forestalling.² In August, 1776, some women at Fishkill, New York, seem to have thought that they would be their own committee. They seized some tea which was held at a high price, and gave the continental tariff price for it.

In 1779 Congress seemed to become affected with the recklessness of bankruptcy. The issues were enormous, and the depreciation went on with great rapidity. The faster this movement ran its course, the more extravagant were the attempts to stop it by force. In May a meeting was held at Philadelphia, presided over by Mr. Roberdeau, at which he made a speech. He said: "The way to make our money good is to reduce the prices of goods and provisions. The tax that has been laid upon us by monopolists and forestallers within these six months past, for it may justly be called a tax, amounts to more money than would carry on the war for twelve months to come." The next day a committee which had been appointed at that meeting set a tariff of prices.³ A cargo arrived consigned to Robert Morris. The

¹ Marshall, 90, 91 ; Amer. Arch., v. 3, 185.

² Marshall, 120.

³ Penn. Packet, May, 1779.

committee waited on him to see if he would comply with the tariff. He replied that the goods were for the French army.¹ May 31, this committee published a set of rules, but they declined to establish or execute punishments. "After having ascertained facts, they will leave such persons to make their peace with the public the best way they can, unless they [the committee] are desired to interfere." Marshall mentions cases under these regulations in which goods were stopped while being carried out of the city to evade the rules; also cases in which the price of boxes, casks, etc., was raised, although that of the goods was not. Flour was also smuggled out covered with earth. "To such mean shifts are the disaffected driven, since the committee has been elected," says Marshall. He mentions a committee-man who, although elected, had never served, and who charged more than the tariff. When expostulated with, he replied that he would sell at his own price or not at all. "The committee were satisfied that he was a friend of his country only so far as his interest led him."²

Marshall mentions in his diary, in January, 1776, a case of a hatter who refused paper money. He was remanded under censure for a week to think it over. Two similar cases are mentioned the next day. In December, 1776, Rush wrote to R. H. Lee that when Howe approached Philadelphia the people refused continental money. Putnam produced only a temporary remedy by imprisoning them and declaring the

¹ Penn. Packet, July 8, 1779. ² Marshall, 218, 222.

debt void. Those who had goods refused to sell, and creditors refused to give up the bonds, or kept out of the way when continental money was offered. He proposes that Congress shall recommend the States to declare the debt forfeited, and fine the creditors severely for refusing the money. "This will be more effectual than imprisonment, which, from becoming so common for tory practices, has now lost its infamy. . . . I tremble every time I think of the danger of the further progress of the refusal of our money."¹ Marshall mentions a case of a mortgage in which record was made of a tender of continental money and refusal of the same.² In November, 1776, he mentions a case where a man was precluded from all trade and intercourse for refusing the paper.³

In all this struggle the constant cry was that credit ought to be maintained, and that it was criminal not to help support credit. Here we have the notion that credit is some sort of successful humbug. It is a notion of frequent recurrence. It is believed that if people will only agree to affirm that something is true which they know is not true, they can get just the same effect as if it were true. Credit, however, is, above all things, the truth. Falsehood kills it. It has no relationship with swindling or confidence operations. The effect of all compulsion is to excite distrust and doubt. It suggests to the observer that truth is not what the pretence seems to be. The truth, however, is what he wants, espe-

¹ Lee's *Lee*, ii. 160.

² *Diary*, 95.

³ *Ibid.*, 101.

cially if he really possesses anything which he can lose. Therefore his faith is repelled, and credit is destroyed. Credit is belief in the truth.

The committees did not confine their regulation of things even to the tories, the association, and the paper money. On the 24th of November, 1775, it was proposed to hold a ball in Philadelphia at a tavern. It was expected that Mrs. Washington and Mrs. Hancock would be present. The city committee voted that there ought to be no ball in those troublous times. They visited Mrs. Washington, and asked her not to attend. She thanked them, and said that she would not. Otherwise it had been threatened that the tavern should be attacked.¹

We have, then, ample evidence that these irresponsible committees exercised a great tyranny, and that they helped to educate people to unconstitutional methods. P. Webster wrote about them, in 1790, that it was an obstinate delirium, in the war time, that the credit of the continental money could be sustained by compulsion. "This ruinous principle was continued in practice for five successive years, and appeared in all shapes and forms, — that is, in tender acts, in limitations of prices, in awful and threatening declarations, in penal laws with dreadful and ruinous punishments, and in every other way that could be devised, and all executed with a relentless severity by the highest authorities then in being, — namely, by Congress, by Assemblies and Conventions of the State, by committees of inspection (whose powers in those

¹ Marshall, 52.

days were nearly sovereign), and even by military force; and though men of all descriptions stood trembling before this monster of force, without daring to lift a hand against it during all this period, yet its unrestrained energy ever proved ineffectual to its purposes, but in every instance increased the evil it was designed to remedy, and destroyed the benefits it was intended to promote. . . . Many thousand families of full and easy fortune were ruined by these fatal measures, and lie in ruins to this day without the least benefit to the country, or to the great and noble cause in which we were then engaged." He writes this for the benefit of the financiers of future generations.¹

If we turn now to another set of facts, we may see what were the needs of the country which forced themselves on the attention of leading public men.

It is easy to see, even in the superficial facts of the case, that what the United States needed was an adequate organization. This is the fact which is developed by the whole history of the Revolution. There was an exceedingly low social vitality. The organs of the state did not respond quickly to stimuli. Those who carry back to that period modern ideas cannot understand that the social movement could have been so sluggish. If we realize how sluggish it was, we can hardly understand how it was possible to accomplish anything. There was no state of the United States, properly speaking. The Union had no proper organs; it started on a burst of spontaneous

¹ Essays, 128.

enthusiasm. As long as that lasted, the authority of Congress was respected and its orders were obeyed, out of good will, although it had no authority at all by any constitution. It is, indeed, very remarkable what high respect Congress enjoyed for the first three years. Before the Articles of Confederation were formed, which gave Congress constitutional authority, the burst of enthusiasm had long worn itself out.

Congress made the great mistake at the beginning of not sitting in open session. Hutchinson says that opening the debates of the Massachusetts Assembly had a great effect to educate the people to "sedition."¹ The Journal of Congress was published, but in a way to have no popular interest and win no attention.² If the debates had been open, it would have been a powerful means of educating the people, keeping them informed, and making them ready to respond to the public needs. There was no newspaper press suited to build up and sustain a true public opinion, or maintain an interchange of ideas and information between the different States. The newspapers were strictly local. They depended on private correspondence for news, and on volunteer essayists for discussion. The lack of a true newspaper press explains the popularity of Paine's "Common Sense." It did just what a good modern newspaper would

¹ History, iii. 166.

² A gentleman wrote to Robert Morris, in 1777, from North Carolina, that he wished the journals of Congress might be published every day and scattered through the continent. (Letters to Robert Morris, 428.)

do, — crystallize ideas. Hamilton, in 1783, tried to have the debates of Congress made public,¹ and he was seconded by Wilson;² but they were not able to bring it about. Hamilton wanted publicity on financial topics, if on nothing else. As long as Congress was printing paper money and giving it out, it retained its power. Instead of drawing money from the people by taxes, we find Congress giving out money to the States during 1777 and 1778. It had no real money. It was using the printing-machine. Until that resource was exhausted by depreciation, it had the appearance and effect as if Congress had had a magazine at their disposal. Franklin wrote, in 1779: "This effect of paper currency is not understood on this side the water, and indeed the whole is a mystery even to the politicians, how we have been able to continue a war four years without money, and how we could pay with paper that had no previously fixed fund appropriated specifically to redeem it. This currency, as we manage it, is a wonderful machine; it performs its office when we issue it; it pays and clothes troops and provides victuals and ammunition; and when we are obliged to issue a quantity excessive, it pays itself off by depreciation."³ He ought to have added, "and leaves us utterly helpless when the process is ended."

Such was the effect on Congress. Their prestige declined very rapidly in and after 1779. They could

¹ Madison Papers, i. 341.

² Journ. Cong., viii. 184.

³ Franklin, viii. 328.

not then adopt any real adequate measures, because they could not win confidence again. Before the Articles of Confederation were adopted, they were only fit to be superseded.

In their system of administration Congress began with a town-meeting plan of executive committees. They were under the dominion of a number of pernicious prepossessions, some of which had been inculcated by the notions of the last ten years. They were afraid of a one-man power. They held personal, provincial, and sectional ideas.¹ They were afraid of an army. They were afraid of the States. A feature of the times was an over-fondness for popularity. There was always a lion in the way. They did not seize upon their chances with intelligent energy. They seem to have gone upon the doctrine that nothing should be done against which any objection could be raised, and that the duty of a good citizen was, not to throw himself with all his might into the great business on hand, but to raise objections. John Adams says that they held undigested notions 'of liberty.'² They would not do anything which had ever been done in England in connection with which any abuses had ever been perpetrated. Hence it took six years, and the personal authority of Robert Morris, to introduce contracts.³ If it had not been for the personal weight and reputation in finance of Robert Morris, it is doubtful if heads of departments could have been put in the place of the boards. All

¹ Adams, ii. 448.

² Ibid., iii. 83.

³ Morris's Morris, i. 382.

the mistakes were stubbornly defended, until bitter experience broke them down.

The methods of Congress were extremely unbusinesslike, wasteful, and inefficient. Time was wasted in appropriating sums of a few dollars each for petty expenditures. Money was wasted because there was no proper system of accounting. The paper-money system did not admit of it. So much paper was printed, and it was given to some persons to be expended for goods to be exported, to others for supplies, etc., etc.; "he to be accountable," as the phrase ran. Until he accounted, which it seems that in very many cases he never did, there was no responsibility possible in the books.¹ Supplies were squandered. The quartermaster's department and commissariat were conducted on a most extravagant scale.² Unwise projects were undertaken. At first it

¹ In 1783 Robert Morris reported: "Congress have before them full evidence that many persons, late officers in the civil department, refuse to account at all." (*Dip. Corr. Rev.*, xii. 430.) A few months later he wrote: An investigation of some of the accounts of the old commercial and secret committee "has not only discovered some balances due to the United States, but has reported other matters which show in a strange point of light the necessity of examining and settling those accounts." (*Ibid.*, 442.)

² "There is here a series of officers very expensive and totally superfluous. Every brigade has its commissary of subsistence, its quartermaster, its wagon-master, its commissary of forage; and each of these, again, has his deputies. Each general, again, is entitled to a special commissary of subsistence and three commissaries of forage. All these men rank as officers, and really have nothing to do. My blacksmith is a captain!" (*Kalb*, 140; at Valley Forge.)

was proposed to conquer Canada, Nova Scotia, and Florida, to build a navy, and to help Spain against Portugal. Small results were achieved.

Feb. 12, 1778, a committee of investigation reported from Valley Forge to Congress. The report was kept secret, but a copy of it was captured with H. Laurens's papers in 1780. It was first published by Stedman. It is there stated that the property of the continent is dispersed over the whole country: wagons are abandoned; intrenching tools left at random; tents and tent-cloths left in a farmer's barn, and lost sight of; no straw is provided in the huts; there is great sickness and mortality; inoculation cannot be carried on under these circumstances; there are constant new cases of small-pox, great lack of wagons. If the enemy should make an attack, they would capture the cannon for want of horses to move it. The troops are in danger of perishing with famine, or dispersing in search of food. The commissaries have bought pork in New Jersey which cannot be brought for want of wagons. The commissary and quartermaster department seem to be in a state of collapse.¹

At about the same time Kalb wrote: "The war-fund pays a good many bills that could not well be made public. I have no doubt that the contractors make fifty per cent on every contract, not to speak of the other defraudations, the mere enumeration of which would be endless."² The same officer, being a frugal German, thus comments on the general habits of waste in 1779: "The consumption of meat is

¹ Reed's Reed, i. 360.

² Kalb, 143.

almost incredible. It is impossible to habituate the people of this country to anything like order or regularity of living, and equally impossible for one who has grown up in the midst of order, discipline, and punctuality, to accustom himself to the indolence of these people."¹ In 1780 the French Minister, Luzerne, wrote: "It is difficult to form a just conception of the depredations which have been committed in the management of war supplies and foraging, clothing, hospitals, tents, quarters, and transportation. About nine thousand men, employed in this service, received enormous salaries and devoured the subsistence of the army, while it was tormented with hunger and the extremes of want."²

Tradition has fastened upon the sufferings at Valley Forge; but the sufferings of the next two or three winters were not less, and the distress and nakedness of the Southern army up to the end of the war were shocking in every point of view.³ In 1780 the French were obliged to help the American army with provisions. The point of this for our present purpose, however, lies in the fact that there was plenty all about, and the people were not paying any war-taxes at all. There was no general distress or poverty. Except at the seat of war for the time being, the war did not press on the people in any way. The whole trouble lay in the lack of organization by which to

¹ Kalb, 165.

² Durand, 218.

³ Kalb, 149, 183; Johnson's Greene, ii.; Reed's Reed, ii. 201; Bancroft, x. 415.

⁴ Durand, 217.

bring the resources which existed in ample abundance into application to the necessities.¹

The impression which all this makes is that of inexperience. It was the work of men who had not learned by experience that method and accuracy pay, and that slipshod arrangements waste money, time, and strength. The impression we get is that any strictness of system was irksome to people in those days, and irritated them. It was not until January, 1779, that Congress ordered the foreign agents to obtain information and report on the methods employed in the government offices in Europe.² The negligence and waste repelled support. It made the States less willing to give, or gave them a welcome excuse for not giving, and annoyed the French allies.

In 1779 Congress was split up by factions. There were two leading ones, which corresponded with the parties for and against Washington in the cabal. The party for Washington was considered by the French their party; the other they thought English. The latter was led by the two Adamses and the two Lees. The other Virginians were reckoned in the Washington party. The division was therefore also sectional. New England was not pleased that a Virginian was put at the head of the army. John Adams was not attached to England, as the French thought. He did not want the United States to fall into dependence on France, and he told the truth when he told King George that he was attached to no

¹ See the Life of Robert Morris on this point.

² Sec. Journ., ii. 130.

country but his own.¹ A more correct and important distinction between the parties was that one was continental, the other state-rights. In 1778 the French Minister, Gerard, reported to Vergennes about these parties, that the Southerners wanted rotation, the Northerners wanted Congress to act on the election for Congress. Most members owe their seats to zeal for the cause, not to their ability for business, and they do not put a man in a position for which he has special ability. This is worst of all for the finances. Congress has made itself the universal merchant and supply-agent, with mischievous consequences. The birth of the Republic is not rendered glorious by disinterestedness. All the agents have won exorbitant advantages. The spirit of gain is widely active. Cupidity is one of the distinctive characteristics of the Americans, especially of the North. "A lack of order and organization in details has existed since the beginning of the Revolution, and has more than once put the welfare of the Republic in jeopardy. If the English had shown themselves in America as bold and energetic as we have seen them elsewhere, they would have met with little resistance. The more one observes this contrast close at hand, the more one is forced to say that the finger of God can be seen in this fact." In this despatch, referring no doubt to Morris, he says: "A merchant presided over the Committee of Commerce. They transferred him to the head of that of Foreign Affairs, and he has quitted this last position because he has been suspected of using

¹ Adams, viii. 258.

the secret information which he received for mercantile profit.”¹

In 1776 John Adams wrote to his wife: “There is too much corruption even in this infant age of our republic. Virtue is not in fashion. Vice is not infamous. . . . The spirit of venality you mention is the most dreadful and alarming enemy America has to oppose. It is as rapacious and insatiable as the grave. . . . This predominant avarice will ruin America, if she is ever ruined. . . . I am ashamed of the age I live in.”² Jay wrote to Washington in April, 1779: “There is as much intrigue in this State House as in the Vatican, but as little secrecy as in a boarding-school.”³

If we turn our attention to the diplomacy of the period, we note similar weakness, and loss from similar causes. There were half-a-dozen agents at Paris, who were certainly not suffering anything for the cause. They were living on 2,500 pounds sterling per annum each, in order to maintain the dignity of their country. Only one of them was useful. Franklin was the man on whom the cause hung from 1779 to 1782. He had the confidence of the French Government, and could get subsidies and loans. Jay and Adams were useful men in the later years. The looseness of the business methods was such that millions were spent, and no one had any vouchers or records to show for what, and no records of goods received in America or otherwise accounted for by

¹ Doniol, iii. 317.

² Letters to his Wife, i. 166, 171.

³ Johnston's Jay, i. 210.

which to control the record of the expenditures. Goods which were bought and paid for with money which had been begged were lying in warehouses in France or at Martinique, when the American army was suffering for the want of them. This proved a lack of energy in administration.

Franklin was old and indolent. He always protested that he was not a business man, and he was not capable of keeping accounts. The agents were also quarrelling with each other in a way which was a scandal to all the civilized world, for they did not keep it a secret. As the diaries, letters, etc., have come before the public during the last century, they have revealed a scene of jealousy, backbiting, and undermining, on the part of those men, which is shameful. Details of all this may here be passed over. The point for us is that here also lack of discipline and energy and high-bred self-control was inflicting deep wounds on the American cause and on American reputation.

Deane was by no means a wise man and not free from blame, but in the main he was a victim of the slack methods of business of which everybody was guilty; and the entire scandal connected with him, which was interwoven with many of the most important political movements of the period, may be charged to those methods.

CHAPTER VII.

FEATURES OF AMERICAN PUBLIC LIFE, 1765-1780. VI.

Lack of discipline in the Army. — Social disintegration. — Sectional dislike. — Youthfulness a national trait.

IF such were the general characteristics of the people, the place where they would manifest themselves most distinctly must be the army. John Adams, on his way to the conference with Howe, in 1776, was shocked at the number of stragglers from the continental army, and at the lack of discipline in it. He came back earnest for a reform.¹ As President of the Board of War, he set about it. He describes the army as "a scene of undiscipline, insubordination, and confusion."² He secured the adoption of the English articles of war without change, but the consequence of that seems to have been that they were not enforced. Washington's general orders show that he was constantly approving of the decisions of court-martials on cases of discipline, against his will, being dissatisfied with them as inadequate to discipline.

There was constant difficulty during the war with the naval commanders.³ The discipline on the ships

¹ Letters to his Wife, i. 213, 255.

² Adams, iii. 86.

³ Adams, iii. 200.

seems also to have been very poor. The captain of the frigate on which Adams went to Europe let his officers and men go ashore, and was obliged to go after them before he could get them aboard ship again.¹ The story of Paul Jones is one long series of woes on this head. An American frigate seems to have been a scene of mutiny and quarrelling. The story of Gillon and the South Carolina frigate, although it was never officially investigated, is one of criminal undiscipline, when we consider what suffering was inflicted on the army by the neglect to discharge duty according to strict principles. Adams came home on a French frigate, and speaks with admiration and surprise of the good feeling and the smoothness with which things went on.²

Kalb says that an officer would leave his post at the beginning of a battle, with or without an explanation to his superior, and when he pleased would return, draw pay and rations, and no questions were asked.³ Graydon mentions a Pennsylvania colonel who went home on leave and never came back.⁴ It is almost impossible to form an idea how many effective troops were at any time under arms, because the evidence is overwhelming that the paper returns bear only a remote relation to that fact. Washington wrote to Reed, January, 1776, that the total number of his army, on paper, was 10,500, but that a large number of these were returned "not joined," whom he never expected to see. It does not appear that there was

¹ Adams, iii. 95.

² Ibid., 224.

³ Kalb, 129.

⁴ Memoir, 181.

any method of discipline for this.¹ Lee and Gates are notorious instances of officers who attempted to carry on separate operations against the orders of Washington.

This undiscipline often went to the extent of civil crime. Reed wrote to Washington, in 1781, that he had sent a sum of money to camp, by an officer, to be paid in bounties to the soldiers. The latter complained that they had never received it. The officer admitted that he had spent it, but a court-martial failed, on account of the unwillingness of the officers to serve on it.² In September, 1776, Washington complained of plundering by his own troops, on pretence that the goods belonged to tories. He mentions a case of an officer who led in this business, taking even a pier-glass and woman's dress, and who, when ordered by his superior to desist, refused. It was only after Washington forced a reconsideration of the finding of a court-martial that this officer was cashiered.³ Having given orders, in 1777, that horses belonging to tories should be taken, he found that, under cover of it, general plundering went on, and he was obliged to rescind the order.⁴ The case of Amy Darden's horse, which was stolen by an officer, became famous. It occupied Congress far down into this century as a "claim."⁵

To the citizen there was little difference between plunder and impressment. Impressment was the last

¹ Reed's Reed, i. 143.

³ Washington, iv. 119.

⁵ Johnson's Greene, ii. 327.

² Reed's Reed, ii. 300.

⁴ Bland Papers, i. 71.

resource, when the lack of organization and efficient administration had produced their ultimate results. The effects of it were ruinous to the cause. It was, of course, anarchy in administration, and made the people hostile to the cause. It was exercised first against tories, and fell in with the general abuse of that class; but then also against whigs, or anybody who had what was wanted. In 1777 Congress passed some very angry resolutions against woollen manufacturers who would not deliver goods until they got their pay, "thereby adding extortion to the crime of injuring the public credit." They ordered the clothier to seize the goods.¹ This was a good way to make cloth scarce afterward. In 1780 it is noted that the farmers of Pennsylvania would be willing to submit to England, being alienated by impressments.² In 1780 Reed writes that the number of wagons has amazingly diminished. In one county where there were formerly 1,620 there are now but 370. The reason is that wagons have been impressed without payment.³ Marshall inveighs against the impressment of horses in harvest-time. He mentions a horse-race, and says that those are the horses which should have been taken.⁴ In 1781 there was more difficulty to get wagons in Pennsylvania.⁵

The abuse of the tories drove many of them to become outlaws, and the special exactions levied on them were at least made an excuse by a number of

¹ Journ. Cong., iii. 466.

² Reed's Reed, ii. 284.

³ Reed's Reed, ii. 215.

⁴ Diary, 255.

⁵ Penn. Arch., ix. 420.

freebooters, who affected to rob tax-collectors or to execute reprisals. One of the most celebrated of these was Captain Fitz, in Chester County, Pennsylvania.¹ Others were Fanning and McGirth in North Carolina.² In 1779 there was a band of tory freebooters in Monmouth County, New Jersey.³ In 1781 the Governor of New Jersey offered a reward for Moody, who with a gang had twice robbed the mail. Moody offered a reward for the Governor, delivered to the provost in New York.⁴ These cases show the disintegration of society at the time. The methods of the outlaws were often a queer echo of the methods of the committees.

The foreign observers were most astonished, in the American army, by the neglect of pickets and scouts, and the general lack of means of intelligence. Lack of hard money was one great cause of this, because intelligence could be got only for money which would pass in both camps. It is evident, however, that a deeper cause lay in the same habits and disposition which we have noted. The battle of Long Island⁵ and the forts in the Highlands were lost for lack of proper pickets. Wayne did not admit that he was surprised at the Paoli massacre, and he did have pickets set; but in that case the incident must be attributed to the bad method of encamping, of which more in a moment. Kalb often expresses his wonder at the neglect under

¹ Futhey and Cope, 548; Penn. Arch., ix. 596.

² Caruthers, 139 *et seq.*

³ Moore's Diary, ii. 125.

⁴ Moore's Diary, ii. 466.

⁵ Long Island Hist. Soc. Mem., iii. 173 *et seq.*

this head. "They have no idea of a system of pickets and outposts."¹ When pursuing the English through New Jersey, in 1778, Hamilton wrote to Washington showing that they could do nothing for lack of adequate information.² Anburey says that the English did not have good information. Their neglect to use their opportunities would seem to prove it true. D'Estaing complained that the Americans never had good information. That which Washington gave him was always either old or incorrect. The French messengers travelled at night, which the American messengers would not do.⁴ De Choin told D'Estaing: "Marches are not made here army fashion, but like hordes of Tartars. They encamp almost without precaution, in such a way that they might be cut off or captured by parties such as the enemy would send out."⁵ Speaking of Washington's army in New York, in the summer of 1776, Graydon says that the numbers were exaggerated; "and the irregularity, want of discipline, bad arms, and defective equipment in all respects of this multitudinous assembly gave no favourable impression of its prowess."⁶

It is a remarkable fact that the foreigners at that time often expressed astonishment at the slowness of the colonists.⁷ Kalb blames Washington for slowness.⁸ He says of himself that he had to do all his

¹ Kalb, 139, 141, 218.

³ Anburey, ii. 240.

⁵ Doniol, iii. 342.

⁷ Anburey, ii. 70; Doniol, iii. 382.

⁸ Kalb, 125.

² Works, vii. 548.

⁴ Doniol, iii. 461.

⁶ Graydon, 147.

own writing because his aids were too lazy.¹ This trait seems to be connected with the general easy-going temper. It raises an interesting question as to when and how the Americans took on the character of highly strained nervous energy, which has marked them in later times. Traces of it are hardly to be found until after the second war. It has always been presented side by side with an ability to spend time in absolutely vacuous idleness which no other people shows in the same degree.

The war and the army acted as great educators on the people in the way of rubbing them together, correcting provincialism on all sides, and gradually moderating sectional dislike. This last, at the beginning of the contest, was intense, and as it was an obstacle to union it deserves attention. In 1760 Franklin argued that the colonies could never be united against England, because they all loved the mother-country much more than they loved each other.² Graydon's Memoir contains extreme expressions of contempt for New England men. "I have in vain endeavoured to account for the very few gentlemen and men of the world that at this time appeared in arms from this country [New England], which might be considered as the cradle of the Revolution. There were some, indeed, in the higher ranks, and here and there a young man of decent breeding in the capacity of an aide-de-camp or brigade-major, but anything above the condition of a clown in the regiments we came in contact with was truly a rarity. Was it that the cause

¹ Kalb, 173.

² Franklin, iv. 42.

was only popular among the yeomanry? Was it that men of fortune and condition there, as in other parts of the continent, though evidently most interested in a contest whose object was to rescue American property from the grasp of British avidity, were willing to devolve the fighting business on the poorer and humbler classes?"¹ This sectional feeling had very great political effect. Perhaps the effects of it can be traced down to the civil war. We have already noted that the first parties which arose in Congress were drawn partly on this line. The New England officers met with unfair treatment.² There was a fear of the "levelling" principles of New England.³

One subject of dispute was as to the value of militia. John Adams favoured a militia system with short enlistments.⁴ He got some support in New England, but the opinion in general was strongly contemptuous toward militia. Greene said that he had more of them than he wanted.⁵ Washington complained constantly of the system of short enlistments and militia reinforcements. The Frenchmen made fun of the militia.⁶ Lauzun says that they ran away at the first fire.⁷ Lafayette told the French commander, speaking from his knowledge of the American troops, that if an energetic attack was to be made, he should desire to see the French troops lead.⁸ On the other hand, the militia defeated and captured Burgoyne. It is

¹ Graydon, 157.

³ Adams, ii. 350.

⁵ Reed's Reed, ii. 344.

⁷ Lauzun, 203.

² Adams, iii. 67.

⁴ Ibid., iii. 48.

⁶ Doniol, iii. 342.

⁸ Doniol, iii. 341.

true that they greatly outnumbered him, but the Englishman Anburey shows through his whole narrative great respect for the American troops; Riedesel likewise. At the investigation of Burgoyne's campaign, in England, Lord Balcarres, who had been an officer in the expedition, was asked why the Americans did not defend their intrenchments. He replied, because "they always marched out of them and attacked us." "They fought at all times with courage and obstinacy." The attack on Stony Point, being an assault of a fortified place, raised the confidence and reputation of the troops.¹ This was the sort of work which they were thought incapable of. It remained an open question whether, if an adequate system could have been devised, suited to the character of the people and their habits of life, for organizing the militia, and bringing them into the field in overpowering numbers upon special occasion, they might not have proved very successful. As it was, the American army was a caricature of a European army in the style of Frederick the Great.

Unfortunately the medical department of the army presented the same deplorable features which we have been obliged to notice elsewhere. In 1776 the surgeons were bickering with each other.² A letter is printed from Dr. Shippen, in 1777, complaining of neglect and fraud in the medical department of the army, with allegations of corruption against the director of it, although he does not want to be called upon

¹ Kalb, 174.

² Washington, iv. 117.

to make the allegations good.¹ In April, 1778, Washington transmitted to Congress a letter from Dr. Rush, making charges against Dr. Shippen.² When he took office, in 1781, Robert Morris told a committee of Congress that "the expenses of the medical department are said to have exceeded those of the like kind in any other country."³

The facts which have now been presented suffice to show that the great faults in the public affairs of the United States at this time were indolence, negligence, lack of administrative energy and capacity, dislike of any methodical business-like system, and carelessness as to money responsibility and credit. It was alleged against the Americans that they were selfish. In their relations with France they seemed so. (They seemed to lack pride and self-respect where money could be got.) It is, however, questionable whether this was correctly ascribed to selfishness. It was rather a lack of generosity and magnanimity; and upon close study it seems that these faults are not correctly described, in the case of the Americans, as due to selfishness. The ungenerosity was of the kind manifested by children. It arose from the same cause as the ungenerosity of children; namely, lack of sense of the great law of equivalence. A man with experience of the world finds that there are few things to be got for nothing. His mind inevitably reverts to the cost or equivalent. He reduces his expectations to the measure of the equivalents he can give. Children, on the

¹ Lee's Lee, ii. 171.

² Journ. Cong., iv. 133.

³ Dip. Corr. Rev., xi. 356.

contrary, expect all things, or are ready to conceive of the possibility that things may come for nothing. This seems to have been the American trait, and it fell in with all the youthful circumstances of their case. It provokes a smile to see with what sublime confidence they planned this, or asked for that, without proposing any equivalent. Laurens argued to Vergennes that it was for the interest of France to help the Americans through the war, at a time when, as he and Vergennes both very well knew, the Americans were subjecting themselves to no extraordinary self-denial to carry themselves through it.¹ The Frenchman remonstrated against the demands, but made no impolite reference to the comparison which was possible ; but, in effect, Laurens's argument put France in the position of a dupe. The agent, or go-between, of the Spanish Minister at last replied to Jay : " But you offer no *consideration*." ²

With these facts of the situation before us we see that the first statesman of the period would be the man who most clearly perceived the faults and needs of the country in civil administration, union, army, and finance. We can also easily anticipate that the attempt to introduce needed reforms, and to raise the tone of civil and political affairs, would bring the author into sharp collision with all popular prejudices, habits, tastes, and notions. Also that, if the attempt to introduce energy into the administration, discipline into the army, cohesion into the union, punctuality into the finances, was pushed faster and farther than the

¹ Dip. Corr. Rev., ix. 236.

² Ibid., vii. 354.

temper of the people for the time being would permit, the reforms would suffer shipwreck from the revolt of the masses against the operation to which they were subjected. In these observations we have the clew to the career of Alexander Hamilton.



CHAPTER VIII.

HAMILTON'S MILITARY SERVICE; EARLIEST FINANCIAL SCHEMES; SERVICE IN CONGRESS; ASSISTANCE IN THE ADMINISTRATION AND REFORM OF THE FINANCES.

WE left him an officer of artillery at the beginning of 1776. Near the end of that year he was appointed on Washington's staff, and became his confidential secretary. The General had been for six months in great need of an officer of that kind.¹ He found one who was just what he needed. Hamilton was industrious. He wrote a clear style, although prolix. He was capable of taking the General's orders, and composing a letter to publish them, which would rank as of very high literary merit among the writings of those days. He was also a studious man, and was studying topics of finance and administration.² The number of important and confidential missions on which he was employed is proof of his competency in a variety of directions.

Of these, one of the most important, and one which brought distinctly before him the evils of poor discipline, was the errand on which he was sent to Albany, in November, 1777, to obtain reinforcements from the

¹ Reed's Reed, i. 127.

² Republic, i. 122.

Northern army in the hope of driving the British out of Philadelphia. This boy of twenty had to execute a diplomatic mission of great delicacy with the man who at the moment was the great hero, having all the credit for capturing Burgoyne. He only partially succeeded, but the letters which he wrote are very extraordinary productions from a man of that age. He also on the same errand had a similar difficulty to get troops from Putnam, who was also a great man by age and reputation.

On account of his ability to speak and write French, he was very useful in the conferences with the French generals after the French army arrived. His most intimate friend at this period was John Laurens, who was perhaps the most interesting hero of the war. In 1778 Hamilton was Laurens's second in a duel with Gen. Charles Lee; Laurens being the challenger on account of words defamatory of Washington which Lee was reported to have used. Lee was very slightly wounded. In 1780 Hamilton was in attendance on Washington when Arnold's treason was discovered. He has left the best account of that affair which we possess. He was much interested in André, and desired that his request to be shot, not hanged, might be granted.²

Although Hamilton was probably aware of his usefulness on the staff, for he never lacked self-appreciation, he was eager for military renown. His friend Laurens had the same passion. Very probably they strengthened each other in it. Hamilton's first appli-

¹ Works, vii. 562.

² Works, viii. 18.

cation to Washington, in 1780, for an appointment in the line was refused, because there was no post to which he could be assigned without calling out some of the jealousies of which there had been so many.

In February, 1781, he quarrelled with Washington in a way which manifested bumptiousness on his part. The letter which he wrote to his father-in-law, Schuyler, about the affair is also disagreeable reading. He repelled some advances made by Washington to a reconciliation, not with churlishness, it is true, but with a rather affected dignity. However they parted friends, and the incident produced no estrangement. It does not appear, however, that there ever was a warm personal attachment between them, as there was between Washington and Laurens, or Washington and Lafayette. In his letter to Schuyler, Hamilton says that Washington is not delicate or good-tempered. He had long been determined, when the breach came, not to stay; and he says, with some sense, that Washington's self-love would never forgive him, if he (Washington) should make concessions. "For three years past I have felt no friendship for him, and have professed none. The truth is our dispositions are the opposite of each other, and the pride of my temper would not permit me to profess what I did not feel. Indeed, when advances of this kind have been made to me on his part, they were received in a manner which showed at least that I had no desire to court them, and that I desired to stand rather on a footing of military confidence than of private attachment. You are too good a judge of

human nature not to be sensible how this conduct in me must have operated on a man to whom all the world is offering incense. With this key you will readily unlock the present mystery."

In that summer he found the opportunity for active service which he had desired, and joined the expedition to Virginia, which ended in the surrender of Cornwallis. At the final assault on the works, he distinguished himself among the first.¹ He had been married on the 14th of December, 1780, to Elizabeth Schuyler; and the two letters which he wrote to his wife, to inform her that he was going to Yorktown, show a gentle side of his character which appears but little in those letters of his which have been preserved.

The first attempt made by Hamilton to act on public affairs was a letter which he wrote on a plan for a bank.² Mr. Lodge dates this letter 1780, and says that it was written to Robert Morris, who had just undertaken the management of the finances. Morris was not elected Superintendent of Finance until 1781. The letter is addressed to a member of Congress, who is not mentioned by name. Morris was not in Congress after 1778. J. C. Hamilton says that the letter was written "soon after the army entered winter quarters at Morristown."³ The financial circumstances mentioned in the letter carry it to the month of November, 1779.

¹ Lee's Southern War, ii. 341. He had also won military distinction in the Brandywine campaign. (Ibid., i. 19.)

² Works, iii. 61.

³ Republic, i. 570.

The importance attaching to the question of the date is that, if it goes back to 1779, it was earlier than the first beginning of the bank at Philadelphia. We must infer either that the letter was written to some other member of Congress than Morris, or that Hamilton supposed Morris to be in Congress when he was not. The letter was sent without signature, but he gave an address, by which a reply might reach him. In his letter to Morris of April, 1781, he does not refer back to this letter. It is not therefore probable that a reply was made to it by Morris, if it was sent to him, as the whole tenor of it would certainly lead one to suppose.

He says that the document of 1779 is "the product of some reading on the subject of commerce and finance." It is not easy to see what he could have read.

There is a tradition that he read Adam Smith, and made a careful commentary upon "The Wealth of Nations," in 1783, which is now lost.¹ Nothing in his writings goes to prove that he ever read Adam Smith. By this it is not intended to say that a man who had read Smith with care must accept his conclusions. Many men have read him without agreeing with him at all; but it is not often that an intelligent man, eager to learn all he can, has, after reading Smith, been able to repeat the notions of the mercantilists, as Hamilton did, without at least feeling bound to take some note of the objections which Smith brought against them. Neither does Hamilton show

¹ Republic, ii. 514.

that he had read Hume's economic writings with care and profit, although Hume was the chief authority then in the hands of people who busied themselves with economic topics.¹ Much less does he seem to have read any of the French economists who were just at the time attracting attention. Dupont's "*Table Economique*" was published in 1779, and was in the hands of Franklin at once,² but of course could not have been used by Hamilton; but even later he does not appear to have read the contemporaneous French writers.³ The only mention of any writers of that school in his works is in his review of Jefferson's first message, in which he refers contemptuously to Turgot and Condorcet.⁴ The writers whose influence seems to be traceable in his opinions are Montesquieu, Melon, and Law, especially the two latter.⁵ He refers to Law in this letter of 1779, and in the one to Duane, six months later.

¹ He quotes Hume, in "*The Farmer Refuted*" (1775), on points of political philosophy (Works, i. 70, 78); also in the "*Federalist*" (Works, ix. 551). In the "*Continentalist*" (1781) he tries to interpret Hume's doctrine of the balance of trade (Works, i. 256), on which see page 180. In the convention of 1787 he quotes Hume as to the utility of corruption in the English system (Works, iii. 390). In his paper on a national bank (1781), he quotes Hume as to the amount of the circulation in Great Britain (Works, iii. 86).

² Franklin, viii. 405.

³ In his letter to Morris, 1781, he once uses the word "numenary," which would seem to indicate French reading. (Works, iii. 103.)

⁴ Works, vii. 245.

⁵ He does not mention Melon.

In the present letter he credits Law with "more penetration than integrity;" and the reason for crediting him with penetration is that he "saw that no plan could succeed which did not unite the interest and credit of rich individuals with those of the state, and upon this he framed the idea of his project, which, so far, agreed in principle with the Bank of England."¹

✓ This notion of holding up the government by giving rich men an interest in it is one which has often been charged upon Hamilton, but it plays no important part in any of his later discussions, and might rather be regarded as one of the notions in this document which he outgrew. For the scheme in the letter of 1779 is crude in the extreme. It is not a plan for a bank, but for a trading company, in which the government and a company of rich men were to be jointly interested. It reminds one of the attempts in the early part of the Revolutionary War, through the Committee on Commerce, to carry on trade as a means of raising money for Congress. He proposes a foreign loan of ten million dollars, the need of a foreign loan being at the time one of his firm convictions. Then he proposes to take subscriptions for two hundred millions of continental paper at twenty for one, which would be ten millions more. The government puts in the former and the private subscribers the latter. The notes were to bear interest at two per cent, payable in three months. He admits that he is not clear as

¹ Locke is barely mentioned in Works, i. 59.

to whether the principal of the notes should be payable at the three months' limit or not. The scheme presents no workable device. It is related to those which every other man had in his pocket in 1875. Unfortunately, it is mutilated at the part where he undertakes to set forth how it would work. At last its success must have depended on the success of the commercial enterprises, and on the success of the government in getting in loans and taxes. In this letter he urges that there should be a head of the treasury, and says that the person he is addressing is the one for the place.

In August, 1780, a convention was held at Boston, one of the series of price conventions, which recommended a closer union. Hamilton caught up the proposition, and wrote to the president of the convention, in Washington's name, approving and expressing a hope that something would come of the proposition. In October he wrote a letter which is dated at Boston,¹ in which he said: "We must have a government with more power." In February, 1781, he said that the complete ratification of the confederation would be a good thing, unless it made the people think that Congress had power enough, and so prevented it from getting more.² In the summer of that year he published the "*Continentalist*"³ papers, describing the

¹ Works, viii. 29.

² Ibid., 34.

³ The word "*continental*" and its derivatives sound strangely to modern ears. They were devised to get a word for "the whole" which should have no political color, like Union, Confederation, etc. Therefore *continental* stands in the sense

forlorn state of things, blaming State particularism for it, and urging a revision of the confederation so as to make a more perfect union. He was led on to discuss the whole political and economic situation.

His next contribution to public questions was a letter to Duane, Sept. 3, 1780.¹ This letter is the document which shows that he had seized the main faults and difficulties in the state of the country, in 1780, and traced them to their true causes. He urged that the Union was defective, although the Articles of Confederation were not yet adopted. The States have too much power, especially over the army. There is a want of energy in the administration. He wants a single head to each department, and wants a convention called to meet on the first of the next November to settle a "confederation."² He would not wait for the States to be called on for amendments. [When we note the impracticability of that means of amendment, as it was afterward developed by experiment, we must regard this as a very clear-sighted judgment.] He wanted the new Constitution to give Congress complete control of the army, navy, commerce, diplomacy, etc. He enumerates in detail all the important func-

which we now give to national. A man who held continental views was the precursor of a federalist, and the "continentalist" meant what ten years later was called a federalist,—that is, before that word received its strict party application; when it meant one who wanted a confederation of the States.

¹ Works, i. 203.

² They used this word currently in the sense of constitution for a confederation.

tions of a modern state. These are all to be in the federal state. Then he takes up ways and means. He proposes four, — a foreign loan, which, he says, ought to have been obtained long ago, taxes in kind, a bank founded on public and private credit, and taxes in money. He sketches his plan of a bank briefly.

April 30, 1781, he wrote a letter to Morris containing a scheme of a real bank.¹ It is a very elaborate paper. He starts out with one of the old notions that the revenue of a country is in some relation to its circulation, confounding money and wealth. By comparing the cases of England, France, and America, he reaches the conclusion that the United States are capable of paying, on this method of calculation, a round six millions annually, for all purposes, State and federal; but the needs of State and federal expenditures are ten millions: This would leave four millions to be borrowed abroad. So much cannot be expected from France. He urges a bank to supply the deficiency. "We have not a sufficient medium." Here again, then, he has gone back from the revenue, which is wealth, to the medium of exchange, which is money. His bank is to have three million pounds, lawful money (six shillings to the dollar), capital. His reason for putting it in "pounds" is that the dollar money is tainted with a prejudice because the continental was in dollars. The capital was to be paid in land securities, specie, plate, bills of exchange, or European securities. About one third

¹ Works, iii. 86.

was to be in specie. The United States and the States might subscribe for not over half of the capital. Notes were to be issued in pounds, shillings, and pence, payable at sight; those under twenty pounds bearing no interest, those larger four per cent. The bank was to buy land from which he thought that great gains might be made, as tories would put much land on the market and sell it cheaply. Depositors were to pay a fee for safe keeping. The bank was to lend Congress twelve hundred thousand pounds at eight per cent, for the interest of which taxes were to be laid and the income strictly appropriated. Other revenues were also to be raised sufficient to pay the bank two per cent on all the paper outstanding, at forty for one, for which provision the bank was to guarantee the paper and retire it in thirty years. There were to be three auxiliary banks in Massachusetts, Pennsylvania, and Virginia. Finally, he wanted Congress to obtain amendments to the Articles of Confederation, giving it power to levy import duties, a land tax, and a poll tax, and to collect the same by its own agents.

His bank was a paper-money machine, and the scheme of it contained financial fallacies which, as we shall see, he never conquered; but the boldness of the scheme, and the skill with which it was aimed at the difficulties of the situation, are most remarkable. It is the statesmanship of it which is grand, not the finance. He had seized the chief faults in the existing institutions of government. He says that what he wants is "system and vigour."

Morris replied that he was afraid to "interweave a security with the capital of this [his] bank," lest the notes should seem to be circulated on that credit, and the bank would fall, if there should be a run on it. "I not only think, but on all proper occasions shall say, that the public are indebted to you" for this plan.¹

In 1782 Hamilton wrote to Laurens that to make independence a blessing "we must secure our Union on solid foundations, — a herculean task, and to effect which mountains of prejudice must be levelled."²

In May, 1782, Robert Morris asked Hamilton to take the position of receiver of continental taxes in the State of New York. Hamilton at first declined, but afterward consented. Morris had great difficulty to find any person for these offices who could be relied upon to put any energy and spirit into his work. It must have been a great encouragement to him to have somebody take hold of it as Hamilton did. He visited the Legislature in order to try to persuade them to conform to Morris's plans, and also made strenuous efforts to obtain information and report upon the tax system of New York, and the state of the relations between that State and the federal government. He held this position until he took his seat in Congress in November.³

He sat in Congress in the year 1782-83, and there advocated the same ideas; although, as he wrote to Jay in July, 1783, "The road to popularity in each

¹ Dip. Corr. Rev., xi. 366.

² Works, viii. 72.

³ Ibid., 52-89.

State is to inspire jealousies of Congress, though nothing can be more apparent than that they have no power.¹ As early as 1776 the question had arisen in his mind whether Congress ought not to collect its own taxes by its own agents.² This is one of the cardinal features of an adequate federal system, and he urged it strenuously in Congress.³ On the 30th of June, 1783, he offered resolutions setting forth in considerable detail, under twelve points, the defects of the confederation, and proposed a resolution for a convention to meet and revise the Articles.⁴

In many respects this was the most important session of the Continental Congress. The finances reached a climax; peace was concluded, and the army disbanded. But these affairs did not run their course without producing a very serious crisis. As the time approached for disbanding the army, their complaints became louder and louder. There was a clear disposition to get rid of them as quickly as possible without paying them. Many wanted to "elude the just pretensions of the army."⁵ What was an army one day would have been turned into the same number of tramps the next day, with no means of obtaining a dinner. There was a project, which was construed by many into a conspiracy, on the part of the two Morris and Hamilton, to unite the interests of the army, as creditors, with those of the other creditors, in order to bring pressure

¹ Works, viii. 147.

² Republic, i. 122.

³ Madison Papers, i. 288, 291, 380.

⁴ Works, i. 288.

⁵ Ibid., viii. 109.

upon Congress to adopt a plan of revenue. Washington warned Hamilton that this was suspected, and that it would defeat their own object, if the army should think its rights delayed in order to make capital for a project of congressional policy.¹ Hamilton, in his reply, did not admit the objectionable colour which was given to their enterprise. He said that there were in Congress two classes of men, — one attached to State, the other to continental politics. "The advocates for continental funds have blended the interests of the army with other creditors, from a conviction that no funds for partial purposes will go through those States to whose citizens the United States are largely indebted."²

In the mean time Morris had become very tired of his position. In January, 1783, he wrote to Franklin: "Imagine the situation of a man who is to direct the finances of a country almost without revenue (for such you will perceive this to be), surrounded by creditors whose distresses, while they increase their clamour, render it more difficult to appease them; an army ready to disband or mutiny, a government whose

¹ Washington's Writings, viii. 418.

² Letters to Washington, iv. 17. It must be noticed that the words "fund" and "funding" at this time were going through a change of meaning. The old meaning, which is here employed, was that of a single branch of the revenue. Thus the income from a land tax would be a fund, and to fund was to enact a certain tax and appropriate the income from it to the payment of a specific obligation of the government. The word "fund" is of frequent use, however, in the same period, for resources or means on hand available for certain purposes.

sole authority consists in the power of framing recommendations. Surely it is not necessary to add any colouring to such a piece ; and yet truth would justify more than fancy could paint.”¹ Two days later he wrote to Franklin again : “ If one bill should be protested, I could no longer serve the United States.”² In fact, he had already overdrawn on the banker Grand at Paris, but it had not as yet involved a protest. The fact was that he had been treated with the same spirit which has already been described as pervading the treatment of public affairs. It was the custom to select a man for some arduous position, and then, instead of giving him support and furnishing the necessary means, to take an attitude of criticism toward him. Morris resigned on the 24th of January, 1783. “ To increase our debts while the prospect of paying them diminishes does not consist with my ideas of integrity. I must therefore quit a situation which becomes utterly insupportable.”³ When he informed Washington of this, in February, he said that the Congress wished to do justice, but “ they will not adopt the necessary measures, because they are afraid of offending their States.” January 30 a committee reported on the finances, stating that, of the eight millions of dollars demanded for the service of 1782, only \$420,000 had been received. The loans obtained in Europe had produced for that year only \$833,000, so that Congress had had only a little over a million and a half of dollars

¹ Dip. Corr. Rev., xii. 310.

² Ibid., 313.

³ Ibid., 326.

available for that year. The estimated expenditure was \$5,713,000, without counting interest on former debts, which would alone exceed all the money at their disposal.¹

As soon as Morris's resignation was known he was greatly blamed. He was said to have ruined the public credit, and to have reflected on Congress. This responsibility was evidently the fate of any executive officer under the system. He wrote to the President of Congress: "On the day on which I was publicly charged with ruining your credit, those despatches arrived from Europe which tell you it was already at an end." "It can no longer be a doubt to Congress that our public credit is gone."² At the same time he wrote to Greene: "You and every good man will, I hope, acquit me for leaving a post in which I am totally unsupported, and where I must be daily a witness to scenes of poignant anguish and deep injustice, without the possibility of administering either relief or palliation."³ Hamilton sympathized completely with Morris, both of them being anxious for the public credit and for the Union. Hamilton wrote to Washington that Morris had resigned because he found himself in a position where he must either resign or sacrifice his own credit and character, together with that of the public. He blames Morris, however, for the publication of his resignation.⁴

¹ Journ. Cong., viii. 84.

² Dip. Corr. Rev., xii. 342.

³ Ibid., 339.

⁴ Letters to Washington, iv. 20.

In April it became necessary to make some arrangement with the army. The sum necessary to give them three months' pay was \$750,000. A committee of Congress was appointed to confer with Morris as to what could be done. He said that the only way was "to risk a large paper anticipation." This, in the language of the times, meant, issue certificates of indebtedness and run the risk of their being paid by some future taxes. If this step was taken, he would have to become personally liable, on leaving the office, for about half a million, depending on his successor to save him from ruin, and risk his personal credit.¹ In the conference with the committee he agreed to remain in office until this enterprise was carried through, provided that he could rely upon Congress for such support as would make it sure of success. Whereupon Congress resolved that they would give him this support. Hamilton was chairman of the committee and the leader in this arrangement.² Thereupon new notes were printed and distributed to the army. In May Morris wrote to Franklin: "If these notes are not satisfied when they become due, the little credit which remains to this country must fall, and the little authority dependent on it must fall too." He urged him to obtain another loan from France.³ Congress failed of its pledge in this matter, or perhaps it should rather be said, the event proved that they had given a pledge beyond their power.

¹ Dip. Corr. Rev., xii. 346.

² Journ. Cong., viii. 184.

³ Dip. Corr. Rev., xii. 372.

Morris was forced to draw upon the bankers in Holland to sustain the notes which he had issued, and his bills went to protest at the end of the year.¹

Even this arrangement did not run its course in such a way as to avoid trouble with the army. Some soldiers at Lancaster, Pennsylvania, who had never been in the field, marched to Philadelphia on the 15th of June and besieged Congress in their hall. They also directed demands to the authorities of the State. The mutiny lasted about ten days, and it was necessary to send for troops from Washington's army to suppress it. This incident led to a somewhat acrimonious correspondence between the authorities of the State and a committee of the Congress, of which Hamilton was the leader. The Council of Pennsylvania would not call out the militia until some outrage had been committed. This was the old method of dealing with riots, and was in the highest degree vexatious to Hamilton. Congress, apparently under his leadership, manifested indignation that the State had not given them adequate protection; although Hamilton did not accept the responsibility for the removal of Congress to Princeton, which immediately took place, as an expression of this indignation.²

Of course the thing upon which everything turned was taxation. Hamilton gave the most earnest effort to the projects before Congress for securing federal

¹ See further on this the *Life of Robert Morris*.

² *Journ. Cong.*, viii. 206, 207, 260; *Dip. Corr. U. S.*, i. 9; *Works*, viii. 145.

taxes. A project had been pending for some time to get the consent of the States to a five per cent import duty, to be levied for the use of the Confederation. Oct. 10, 1782, Rhode Island and Georgia were called on for a definitive answer whether they would agree to the five per cent duty, upon which they had not yet acted. On the 6th of December the Superintendent of Finance was ordered to represent to the States the necessity of their paying twelve hundred thousand dollars to meet the interest on the debt, also two millions for current expenses; and it was voted that a deputation be sent to Rhode Island to ask that State to consent to the five per cent duty. On the 12th a letter from the Speaker of the lower House of Assembly of Rhode Island was read, stating their reasons for refusing: first, that the tax would bear hardest on the most commercial States; second, that it would introduce officers into the States unknown and unaccountable to the State; third, that it would give Congress power to collect money from the commerce of the State indefinitely as to time and quantity, and for the expenditure of which Congress would not be accountable to the State.¹

Here we have a complete echo of the objections that were made to the English taxes before the war. The anarchical elements which had existed in the pre-Revolutionary agitation began to make themselves felt against the Union as soon as the dangers of the war were past. They also intertwined immediately with the questions of taxation and finance. The disposi-

¹ Journ. Cong., viii. 25.

tion presents itself at once to shirk out of all possible obligations to the army and the public creditors, and to break down the Confederation, because that was the organ through which the claims of these classes could be presented. The authority of the Confederation was also denounced as taking the place, in the way of tyranny, of what the English government had been before the war.

In the answer to this memorial, which was drafted by Hamilton,¹ he took issue in the most positive manner possible with all the doctrines of the document. He claims for Congress "an absolute discretion in determining the quantum of revenue requisite for the national expenditure. When this is done, nothing remains for the States separately but the mode of raising. No State can dispute the obligation to pay the sum demanded without a breach of the confederation; and when the money comes into the treasury the appropriation is the exclusive province of the federal government." By taking issue so directly and openly, however, he enlightened a great many persons as to what the issue was who were repelled from his side as soon as they understood it. For instance, Jones of Virginia² says: "Many now say the reasoning of the Pamphlet of Congress determined them against the measure [the impost], disapproving the sentiment conveyed in the letter to Rhode Island." We shall see hereafter many other illustrations of this same fault in Hamilton's methods.

Immediately after this report was made, the mem-

¹ Journ. Cong., viii. 153.

² Letters, 118.

bers from Rhode Island found themselves subject to discipline in Congress on account of a letter from one of them which was published, containing a statement that Congress had plenty of money at its disposal obtained by loans in Europe, and that the tax was not needed.¹ In February Hamilton said in a speech that it was useless to answer the arguments of Rhode Island, because those given were not the real ones which influenced her; that the real motive was a desire to tax Connecticut.

In the stress of the negotiations with the army in April, the project of revenue was adopted by nine States, Rhode Island alone voting no, and New York divided, because Hamilton voted no.² On the 26th of April, 1783, an address to the people of the States was issued, drafted by a committee of which Hamilton was one. They estimate the debts at forty-two million dollars, of which the foreign debt was seven million eight hundred thousand, and the interest on the whole \$2,415,956. They expect that the imposts will bring in not quite a million. In the revenue scheme which had just been adopted, there was added to the five per cent import duty certain specific duties. The other million and a half for the interest, the States were to raise in such way as they deemed best.³

Hamilton and Morris were extremely discontented with this plan, and the latter considered it as falling short of the promise which Congress had made to him. Out of two millions and a half necessary for

¹ Staples, 412 *et seq.*

² Journ. Cong., viii. 139.

³ *Ibid.*, 145.

interest, barely one million was provided for, and a million and a half still depended upon the voluntary action of the States. Hamilton wrote to Clinton that he voted against this plan because it had little better chance of being accepted by the States than a better one, and if adopted, it would fail of execution.¹ In September Massachusetts refused to grant the impost, although she admitted the necessity of sustaining the public credit, and stated her reasons, which amounted really to a remonstrance with Congress, because the latter had agreed to the half pay and to large salaries. This was a new development, and seemed to promise that the States would take the opportunity of granting taxes to review the action of Congress.

Hamilton also proposed at this session a complete plan for a military establishment in time of peace, including a navy, fortifications, and a military academy.² His idea was that war was a contingency always to be borne in mind, and that the United States should not, when the next war occurred, have its military affairs in such a condition as that they had been in during the last war.

He refused a re-election to Congress, and went back to New York to practise law.

¹ Works, viii. 117.

² Ibid., vi. 71.

CHAPTER IX.

THE TREATY OF PEACE ; TORIES ; THE CONSTITUTIONAL CONVENTION OF 1787 ; THE STRUGGLE FOR THE RATIFICATION OF THE CONSTITUTION ; HAMILTON CHARGED WITH MONARCHISM.

It was, however, impossible for him to abstain from public activity. In 1784 he published letters with the signature "Phocion," in regard to the treaty of peace, and against the attainder and persecution of tories. For ten years England and the United States charged each other with breaches of the treaty. The treaty was undoubtedly, as Hamilton declared, favourable to the United States beyond what anybody could have hoped.¹ The United States was extremely well served in that negotiation. The French were astonished at the English concessions, especially in regard to the western boundary, the fisheries, and the Mississippi.² Franklin, however, was justified in the

¹ England "has ceded to us a large tract of country to which we had even no plausible claim." (Works, iii. 457.)

² Vergennes to Gerard, Dec. 4, 1782, says that the concessions of the English as to boundaries, fishery, and loyalists exceed what he would have believed possible. "What is the motive which can have brought about a yielding disposition, which might be interpreted as a species of surrender?" (Circourt, iii. 50.)

remark which he made, that every treaty of peace causes clamour and discontent. The Americans were unwilling to execute the stipulations by which they conceded that there should be no hindrance to the collection of the British debts, and that the tories should meet with a degree of toleration.¹

In 1787 Hamilton was a member of the New York Legislature, where he endeavoured to obtain the repeal of all laws against the treaty with England. This was in accordance with a recommendation of Congress, that a law general in its terms should be passed which would make the treaty a part of the law of each State. He also tried to have the federal revenue system adopted by the State. His argument upon this point² was a patient exposition of the facts which made this action important. New York, however, was willing

¹ Article fifth provided that Congress should earnestly recommend to the legislatures of the several States to provide for the restitution of confiscated estates to real British subjects, and of all property to other persons within the English lines who had not borne arms against the United States; and that any other person should have liberty to go into the States and stay twelve months in his efforts to recover property; and that they should also recommend to the States a revision of all laws in a spirit of conciliation; and that property should be restored upon a payment to the new possessor of any price which he had actually paid.

Article sixth provided also that there should be no more confiscations or prosecutions for the part taken in the war, and that no person should suffer in person or property for the same; that persons in confinement on such charges at the time the peace was made should be set free, and that prosecutions should be discontinued. (Dip. Corr. Rev., x 113.)

² Works, ii. 16.

to pay the money, but not to grant the power to the United States. "Power may destroy our liberties."¹

In the matter of the tories, Hamilton came forward with chivalrous courage to their defence. In the case of *Rutgers vs. Waddington*, he tested the law of New York by which a whig who had left the city during the British occupation could collect rent of a person who had occupied his property during his absence, although it might be under a military order from the English. This was an extremely unpopular step, especially as he succeeded in setting aside the law in the Mayor's court. He afterward said, however, that neither he nor the other lawyers in New York ever pleaded the treaty, and that they could not get a ruling from the Supreme Court on that point.² *Rutgers vs. Waddington* was settled by a compromise.³

¹ Works, ii. 37.

² The most celebrated case under the confiscation system of this period was that of *Astor vs. Carver*. The estate of Roger Morris and his wife was confiscated. Mrs. Morris's estate was a part of the Phillipse property, in which she had only a life interest by a marriage settlement. It was in Putnam County, New York. John Jacob Astor bought the right of Mrs. Morris's heirs in 1819, and commenced suit of ejectment. The State being bound by warrant to defend the title, Astor offered to take \$300,000 for his claim. In 1829, he having won his suit, the State agreed to pay him \$450,000 for the claim, provided that the Supreme Court of the United States should sustain it on appeal, which they did. (Peters, iv. 1.) Sabine says that Mrs. Morris, Mrs. Robinson, and Mrs. Inglis were the only ladies attainted for treason. (Sabine, ii. 104.)

³ Works, iv. 335, 403. In the biography of Hamilton in the suppressed history of John Adams's administration it is said: "The American tory, against whom he had fought, he now

The time was now approaching when Hamilton was to see public opinion advance toward the position which he had long occupied in regard to the Union. The immediate connection in which it came about was the matter of regulating commerce. It was largely an effect of the geography of the coast. It was impossible for New York to enforce any regulation in which New Jersey did not agree, because they both abutted on New York Harbor; but if New Jersey made any regulations, in order to conform to New York upon the one side, it was found that the same regulation would produce difficulty with Pennsylvania on the other side, at Philadelphia. Virginia and Maryland experienced the same difficulty with regard to the borders of the Chesapeake and the great Virginia rivers, and Virginia and North Carolina on account of the sounds of North Carolina; while the Chesapeake came near enough to Pennsylvania to bring the northern and southern systems into collision with each other.

After various minor negotiations, a convention of commissioners from Virginia, Delaware, Pennsylvania, New Jersey, and New York met at Annapolis in 1786. Hamilton was a member of this convention, and wrote the address, which it adopted, and which was sent by Dickinson, the chairman, to Congress on the 14th of

began to defend, and in every suit where a loyalist was concerned, Mr. Hamilton was the loyal pleader. It is a certain fact that a great majority of the loyalists in the State of New York owe the restoration of their property solely to the exertions of this able orator." (Cheetham's Narrative, 55.)

September. The purport of it was that the federal government was inefficient, and that further provisions should be devised to render it adequate to the exigencies of the Union. They proposed that a convention should be called to revise the Articles of Confederation.¹ This led to the convention of May, 1787.

Hamilton's share in this convention was by no means proportioned to the interest which he had taken in the government up to this time. As soon as the convention met, it was found, very naturally, that there were different groups of persons in it, who had in their minds different ideas of what the proposed Union should be, especially as regarded the functions and the amount of power which should be given to it compared with what should be reserved to the States. We have seen that Hamilton entertained ideas which would have transferred all the most essential functions of civil life to the Union. He was therefore on the extreme of that wing, and could unite very few followers. He was on the Committee on Rules of the Convention, and contributed to the debate, having, as it appeared, important influence on special points, but by no means leading in determining the result. His two colleagues were strong anti-federalists, and threw the vote of the State against him. Unfortunately this left him in the position of an irreconcilable on the extreme federal side, the tradition of which position followed him and hurt him all his life. It is

¹ Journ. Cong., xii. 12. In Madison Papers, ii., Introductory to Debates of 1787, is a history of previous steps toward union.

difficult to see why a man should have been exposed to any more contumely if he was an extreme federalist, but gave the result his hearty support, than if he was an extreme anti-federalist, and gave the result a grudging support; but such was the fact. His two anti-federal colleagues, being extremists on the other wing, refused to sign the Constitution. They have never suffered any odium for this. It is true that they were comparatively obscure men. In a speech to the convention in June, Hamilton urged the economy of doing away with the State governments. He expressed fear that republican government was impracticable over a great extent of territory, but nevertheless he seemed to wish to reduce the States to some such position as the counties now occupy in the State. He expressed great admiration for the English Constitution, quoted Neckar that it "unites public strength with individual security," and quoted Hume that the corruption by the crown in England was an essential part of the weight which maintained the equilibrium of the Constitution. He also told them that liberty would make inequality. He was free from the terror of the big States, which was so strong among them.¹

He wanted a senate during good behaviour, and an executive on the same tenure; the latter to be elected through two sets of electors, and the former through one. The executive was to have a veto on all acts about to be passed. The government of the Union was to appoint the Governors of the States, and they

¹ Madison Papers, ii. 885, 886, 905, 907, 938, 966. Cf. Works ii. 270; viii. 607.

were to have a veto on State legislation in order to keep it consistent with federal legislation. The militia were to be entirely under the control of the Federal Government. He expressed great admiration for the House of Lords.¹ In the notes for his speech,² he says that his scheme was presented "not as a thing attainable by us, but as a model which we ought to approach as near as possible." If government is in the hands of the many, they will tyrannize over the few. It ought to be in the hands of both, and they should be separated. Gentlemen say we need to be rescued from the democracy, but what is the means proposed? A democratic assembly is to be checked by a democratic senate, and both these by a democratic chief magistrate. The end will not be answered; the means will not be equal to the object. "It is impossible to secure the Union by any modification of federal government. A league, offensive and defensive, is full of certain evils and greater dangers." He would balance advantages. He implies that his idea was consolidation. The States and the Union should each have a well-defined sphere, and they would not interfere.³ In a letter to Timothy Pickering in 1803

¹ Works, i. 371. See Curtis on the Constitution, 371 and 381, for a very careful analysis of Hamilton's plan and very judicious discussion of his opinions.

² Works, i. 357.

³ When John Quincy Adams first read the draft of Hamilton's plan. in 1837. he wrote (Diary, ix. 345): "The plan was theoretically better than that which was adopted, but energetic and approaching the British Constitution far closer, and such as the public opinions of that day never would have tolerated.

he said that the propositions thrown out in debate were understood to be only by way of suggestions for discussion. His final judgment was in favour of an executive for three years, and he modified his plan to that effect.¹

It seems plain that Hamilton's hearers did not understand him. They seem to have listened with astonishment to a man who contradicted some of the current commonplaces, and professed opinions which were, in their terms, political heresies of the worst kind. As nearly all of them did their thinking in the current phrases, they could not understand Hamilton's criticisms on those phrases, and his analyses of political notions which broke up the combinations of the accepted philosophy. It is not easy to seize the force of criticisms on democracy and republicanism so as to reproduce them fairly, but it is easy to say of a man that he "wants a king," or that he "does not trust the people," or that he is an "aristocrat." When therefore those who had heard Hamilton came to report what he had said, the reports took the latter form. He would have been wiser to be silent than to allow himself the idle pleasure of uttering opinions which could not even be understood.

After this speech he left the convention, and

Still less would it be endured by the democratic spirit of the present age, — far more democratic than that. . . . If Hamilton were now living, he would not dare, in an assembly of Americans, even with closed doors, to avow the opinions of this speech, or to present such a plan even as a speculation."

¹ Works, viii. 607.

was absent from June 29 to August 13. In July Washington wrote to him,¹ despairing of the convention: "The men who oppose a strong and energetic government are, in my opinion, narrow-minded politicians, or are under the influence of local views." The criticisms of Yates of New York and Martin of Maryland on the work of the convention manifest the persistency of the old whig ideas of the early revolution, and show, by the hostility of those ideas to the Union, how inconsistent they were with any civil institutions which would be capable of satisfying civil needs. The state of the case and the thing required are ignored, and the attention is all thrown on vague doctrines of political philosophy.

Upon his return to Philadelphia Hamilton gave earnest support to the adoption of the Constitution which had been prepared. After it had been published, the next and still more difficult task was to bring about its ratification by the States. We have already seen what very strong interests existed, which were perfectly conscious that they were threatened by this proposed civil organization, and which immediately drew together to resist it. There was also another which has not yet been mentioned. All the leaders of the second order in the different States felt that if a federal system was established, such as the Constitution proposed, it was very doubtful whether they would ever attain to its great offices. While therefore they occupied positions of importance in the States, if there was no federal system, they need not feel that there

¹ Washington, ix. 260.

was anybody above them ; but if there was a federal system, their State offices would lose in comparative importance. They were like the man who said that he was willing there should be a peerage, if he was sure that he would be one of the dukes ; but as he was sure that he would not, he would not consent to have any peerage. All the old alarm about liberty was now revived, and all the elements of anarchy and repudiation which had been growing so strong for twenty years were arrayed in hostility. Jay wrote to Jefferson, Oct. 27, 1786, referring to Shays's Rebellion : "A reluctance to taxes, an impatience of government, a rage for property, and little regard to the means of acquiring it, together with a desire of equality in all things, seem to actuate the mass of those who are uneasy in their circumstances."¹ He wrote to Jefferson, April 25, 1787, that Vermont was not inclined to be the fourteenth State, it was said. "Taxes and relaxed government agree but ill."² Trumbull wrote to Washington, Nov. 15, 1783, what held true throughout the period : "It is but too true that some few are wicked enough to hope that by means of this clamour they may be able to rid themselves of the whole public debt, by introducing so much confusion and disorder into public measures as shall eventually produce a general abolition of the whole."³

Patrick Henry proposed another general convention, to be held as soon as possible.⁴ Lincoln wrote from Boston : "We find ourselves exceedingly em-

¹ Dip. Corr. U. S., iii. 114.

² Ibid., 226.

³ Letters to Washington, iv. 52.

⁴ Ibid., 241.

barrassed by the temper which raged the last winter in some of the counties. Many of the insurgents are in the convention, even some of Shays's officers."¹ Another letter said that the parties opposed to the Constitution in that State were, first, friends of paper money and tender laws; second, the late insurgents; third, a great majority of the members from Maine.² In Pennsylvania ratification was mixed up with the politics of that State, which had been extremely bitter ever since the beginning of the Revolution. The articles of "Centinel" began in a moderate tone, but gradually became more and more personal and virulent, and then degenerated into the style which was used later by Duane and Callender.³ The constitutionalists — that is, supporters of the Constitution of Pennsylvania — were the opponents of the Federal Constitution. Hamilton thus summed up the elements of expected opposition to the adoption of the Constitution: disinclination to taxation, fear of the enforcement of debts, democratic jealousy of important officials, and the influence of foreign powers.⁴

The New York convention met in June, 1788. Hamilton was a member of it, and exerted himself with remarkable energy to secure the adoption. The

¹ Letters to Washington, iv. 206.

² Ibid., 207.

³ McMaster & Stone, 565. These articles ran for over a year in the "Independent Gazetteer," and are especially interesting on account of the comparison with the "Federalist" which irresistibly suggests itself. We are indebted to Mr. Paul Ford for the discovery that "Centinel" was Samuel Bryan. (Work quoted, 6, note.)

⁴ Works, i. 401.

opponents of the Constitution had two thirds of the convention, and numbered four sevenths of the community. Their strength was in the country, while New York City favoured the Constitution. The opponents were restrained somewhat by a fear lest the city and southern counties might split off. Hamilton said : "For my own part, the more I can penetrate the views of the anti-federal party in this State, the more I dread the consequences of the non-adoption of the Constitution by any of the other States,—the more I fear an eventual disunion and civil war." The idea of the opposition was for New York to hold back and let the others try it. If the Union succeeded, they could come in, although they expected that revenue difficulties would break it up immediately.² The fact here stated, and the apparent willingness of Hamilton to agree to a conditional ratification by New York³ must be taken as complete demonstration that even the most advanced federalists did not suppose that the States were forming an irrevocable union.

Hamilton arranged with Madison for an express to bring news of the Virginia convention, and with Sullivan for an express to bring news of the New Hampshire convention. As soon as he obtained the news of ratification by New Hampshire, he sent it to Virginia. He employed his utmost eloquence to carry the ratification, emphasizing the point about the public debt. "It is a fact that should strike us with shame that we are obliged to borrow money in

¹ Works, viii. 187.

² Ibid., 187.

³ Ibid., 191.

order to pay the interest of our debt. It is a fact that these debts are accumulating every day by compound interest.”¹ He appeared to be afraid that he was carried away by his own zeal, and he apologized for it, saying, “If such has been my language, it was from the habit of using strong phrases to express my ideas.”² He declared that in the old confederation the idea of liberty was alone considered, but that there was another thing equally important, — “I mean a principle of strength and stability in the organization of our government, and of vigor in its operations.”³ This passage might serve as the text of his work in that convention.

The “Federalist” has come to stand on our shelves, next to the Constitution, as the first great text-book upon it. By far the largest part of it was written by Hamilton, in the practice of his usual method of acting on the formation of public opinion by periodical essays. In the last number of this series⁴ he said: “The system, though it may not be perfect in every part, is upon the whole a good one, is the best that the present views and circumstances will permit, and is such an one as promises every species of security which a reasonable people can desire.” It is a strange fact that the man who did all this for the Constitution should have suffered all his life under a popular suspicion that he was not loyal to it. In the “Federalist” nothing is said about the debts, and comparatively little about the Supreme Court. This is very remark-

¹ Hamilton, i. 491.

² Works, i. 449.

³ Works, i. 495.

⁴ Ibid., ix. 548.

able, in view of the subsequent history ; for if there is any " sleeping giant " in the Constitution, it has proved to be in the power of the Supreme Court to pass upon the constitutionality of laws. It does not appear that Hamilton or anybody else foresaw that this function of the court would build up upon the written Constitution a body of living constitutional law. It is very possible that Hamilton may have thought that the Constitution of 1787 was a step of gain on the Articles of Confederation, but that it would be superseded as they had been by some new constitution which would go farther toward converting the Union into an imperial state, — that is, in the direction of what the opposing party always called " consolidation." The same effect has been produced by interpretation on the document of 1787, and by the amendments.

The Congress of the Confederation, having left Philadelphia in anger, was not willing to return thither, although the Philadelphians were very eager that it should. It could not find satisfactory quarters anywhere else. This led it to wander about from place to place, — a fact which undoubtedly lowered its prestige ; for people did not know where it was, or what it was about, and almost forgot its existence. It was able to obtain a necessary quorum for important business, nine States, only for a few days, or at most a few weeks at a time. Hence those who wanted to see the Confederation dwindle and die were perfectly satisfied ; and they seized upon some rumours that there had been aristocratic and monarchical propositions in the convention, and endeavoured to spread

fears that there was a secret intention, hostile to republicanism. Although these fears were absurd, they were very far indeed from lacking effect, and all the events of the succeeding ten or twelve years were taken to be proof of their truth. There never was a time when a king of the United States would not have been perfectly ridiculous, and his position utterly untenable; not because of any laws or resolutions, but in the very circumstances of the case. No opera bouffe could possibly caricature such a personage.¹

If now we look back for a moment at the course of the movement toward union, we can form an idea of what the Union was when the first Congress assembled; for

¹ In 1792 Hamilton wrote to Washington, commenting on this charge that there was a monarchical faction: "The idea of introducing a monarchy or aristocracy into this country, by employing the influence and force of a government continually changing hands toward it, is one of those visionary things that none but madmen could meditate, and that no wise man will believe. If it could be done at all, which is utterly incredible, it would require a long series of time, certainly beyond the life of any individual to effect it. Who, then, would enter into such a plot? For what purpose of interest or ambition?" (*Works*, ii. 267.) In 1800 it was one of the campaign stories in Pennsylvania, which obtained much belief, that Adams intended to marry one of his children to one of George the Third's children, and that Washington had quarrelled with him on this account. (*Graydon*, 392.) At the same time the story of the monarchical faction in the convention of 1789 had grown into the shape that Hamilton and others had a plot to bring over the second son of the King of England and make him King of the United States. Hamilton tried to follow up this story and unearth its origin, but of course it all evaporated at the first attempt. (*Works*, viii. 610.)

if we have an idea that it was clearly understood what sort of thing the new system would be in operation, and that people who read the document would obtain any conception of the modern state which goes under the name of the United States, we shall make a great mistake. We have seen that the first Congress of 1774 was nothing but a conference of bodies which were entirely independent and distinct. That of 1775 differed only in having more serious business. That of 1776 began to plan a confederation which should have a constitutional definition. Still it was an abstraction created by convention. The States held the territory and were States; the Confederation was an alliance, and it came near becoming obsolete by falling into desuetude. Then a new effort was made, using the experience of the past, to establish a new creation in the way of a unity of the States in a political body which should be a state, having a distinct and independent existence. The question still remained, however, how much of a state the Union was, and what the limit of function between it and the States would be. It was possible to argue and reason about that by attempting to interpret the language of the document, but it has taken a century of national life and a civil war to actually determine it. At the beginning, when none of this work was yet done, every step which was taken was contributing, by way of precedent, to mould the result.

The great majority of the people disliked the idea of a government with a large body of splendid officers living on salaries, and administering an army, a navy,

diplomatic relations, and so on, like the great nations of the Old World. They knew that one of the States never would grow into that; but it seemed that the Union was created expressly for it, and they did not see any necessity for it. It is also worthy of particular notice that, between 1783 and 1789, the Continental Congress year by year demanded of the people sums of money for a peace establishment far beyond what was necessary, and that the people, by refusing the funds, forced the retrenchment or abandonment of the main features of a great civil establishment, which in fact was not needed. When the Union was formed, therefore, everything led to a struggle between two tendencies of opinion. In the truest sense federalism meant the system and philosophy of union into a *federated* state, but a *true* state, having unity, independent vitality, and adequate capacity. Anti-federalism meant the system and philosophy of a group of States, co-operating with one another voluntarily in ways and for purposes that had been agreed upon. Callender said that the Constitution was "crammed down the gullet of America."¹ John Quincy Adams said, with more elegance, that it was "extorted from the grinding necessity of a reluctant people."

Until after the second war with England, the continuity of the Union was always in question.² In

¹ Prospect, 10.

² In 1796 the Duc de Liancourt thought that the Union would break up before one tenth of the federal city was built. (Liancourt, vi. 149.)

every excited and important debate, even on measures of the second or third order, the defeated party uttered murmurs and threats against the Union. The growth from a point at which some States united up to the point at which there is a United State, constitutes the history of the Union.

CHAPTER X.

HAMILTON'S MEASURES: FUNDING; HIS POLITICAL ECONOMY ON DEBT, ETC.; ASSUMPTION; PARTY WAR; THE SINKING FUND; CRITICISM; NATIONAL BANK; POLITICAL ECONOMY OF BANKS; BANK WAR; MINT AND COINAGE.

THE Union having been formed, Hamilton was immediately called to the head of the Treasury, which he speedily made the most important office in the government. The great measures which he brought forward for organizing the government and getting those things done which he had so long thought needed to be done, now demand our attention.

[During the Revolution the constant cry was "Credit! credit! How can we get the things which we need now for the purposes of winning our independence, and have the payment for them deferred until, having won our independence, we can bring our resources to bear so as to pay?" The debt to France had been arranged so that the instalments might become due from 1787 on; but on the 1st of January, 1790, not only had the instalments not been paid, but the interest had not been paid on a part of it for six years, on a part for five, and on a part for four. The interest on the debt to Spain had not been paid for

seven years. Hamilton took up this matter first. There was no contest about the payment of the foreign debt. As to the domestic debt, a struggle arose immediately over the question whether the debt should be paid at its full face to the assignees who had bought the certificates during the last ten years from the persons to whom they were first issued. Hamilton held that it should be paid to the assignee. The government, and not he, was guilty. He bought at the market. Hamilton shows the impracticability of any other plan. He estimated the current expenses at six hundred thousand dollars, and the total interest on the debt at \$2,839,162.¹

He proposed a system of import duties which should be made to produce an amount of revenue to meet these expenditures. An opposition to this proposition was immediately developed. There were those who objected to funding altogether, and those who proposed different methods of dealing, as between the original holders and the assignees. Maclay, for instance, would have paid three per cent as an interim, "and place it on the footing of disability to do more." He also objected to funding the interest. He wanted a land office to be opened, and to sink the interest now due and to give indents for it, receivable at the land office. He declared that "even prodigals abhorred compound interest."² This was the most popular position among the rank and file of the opponents. It was simply repudiation on the footing

¹ Report on Public Credit, Folio State Papers, Finance, i. 15.

² Maclay, 225.

of disability to pay, and the land office was to throw the public creditors into a system of land mongering, to get their pay if they could. Maclay's argument was that Congress was not a party to the debt. He says that the people are the debtors, the holders of the obligations are the creditors, and Congress is the umpire between them. Law should rule the court, but justice should be the guide of Congress, as it has been of all legislation "from the Jewish jubilee to the present day."¹ [He could not get anybody to second his plan of a land office redemption for the indents of back interest.] He likewise puts forward the objection that the debt should not be charged on posterity, especially irredeemable debts. "I am convinced that they will one day negative the legacy." He ascribes the English wars to the funding system, speculation, and jobs; thinks that England is sure to come to bankruptcy. He argued that the revenue already established would pay interest "proportionate to the market price of the public debt until the whole is extinguished by the Western sales."² He undoubtedly represented the opinion of respectable men, not the great leaders of the party, nor its uneducated following.

— In a pamphlet, "Inquiry into the Principles and Tendency of certain Public Measures," ascribed to John Taylor, Senator from Virginia (1794), it was asserted that the funding system was intended to effect what the bank was contrived to accelerate, — (1) accumulation of great wealth in a few hands; (2) a

¹ Maclay, 229.

² Ibid., 257.

political moneyed engine ; (3) a suppression of the Republican State Assemblies by depriving them of the political importance resulting from the imposition and dispensation of taxes.

Of course the immediate effect of funding was that the securities advanced in value. It was denounced as speculation, and even as fraud, although it really put an end to speculation. There can be speculation only where there is fluctuation in value. This had been the case during the previous ten years, when there was great doubt whether the certificates would ever be paid, and how they would be paid. After the funding they were elevated to the character of the highest securities on the market, in which there was very little fluctuation and consequently very little speculation.

Hamilton wrote two papers in defence of the funding system, after he left office, which had never been published until Lodge's edition of his works. They are both extremely able papers, the second being altogether the best paper which we possess from his hand. He says that there were two sects of heretics, — one who wanted to discriminate between the original holders and the alienees ; second, those who would provide equally for all, but at a lower rate of interest than that in the bond. And there were subdivisions of these.¹ In his address to the electors of New York in 1801, he says : " What is the funding system ? It is nothing more nor less than the pledging of adequate funds or revenue for paying the interest, and

¹ Works, vii. 378, 414.

for the gradual redemption of the principal of that very debt which was the sacred price of independence. . . . What have been the effects of this system? An extension of commerce and manufactures, the rapid growth of our cities and towns, the consequent prosperity of agriculture, and the advancement of the farming interest. All this was effected by giving life and activity to a capital in the public obligations which was before dead, and by converting it into a powerful instrument of mercantile and other industrious enterprise." ¹

The "funding system" was a thing of English tradition; and as we have already seen, anything which had some taint of English abuse upon it was regarded with superstitious dread. It does not appear that they understood very well what the funding system was; but as it was applied here by Hamilton, it had none of the vices of the English funding system, which, after all, could be resolved into allowing the expenditures to exceed the revenue. That is not a system. A great deal of the argument against funding would have been pertinent at the time of contracting the debt, but was singularly non-pertinent when the proposition was to keep a promise already made, and to take the poor old battered "faith of the continent" out of pledge. At that point, to talk about the evils of a debt and the woes of posterity seemed absurd. The provision for it was indispensable in the public interest. It was a simple, straightforward duty.

¹ Works, vii. 188.

It is desired here, in connection with each of the great financial measures proposed by Hamilton, to make some examination of the doctrines enunciated by him.

In a passage from Hamilton which has been quoted above, it may be noticed that he puts forward a doctrine with regard to the life and activity given to a capital, which before was dead, by means of funding. In his bank scheme which he sent to Morris in 1781, he said: "A national debt, if it is not excessive, will be to us a national blessing. It will be a powerful cement of our union." He added that Americans were too indolent, and that taxation would be a valuable spur to them.¹ In the report on the manufactures, to be noticed below, he says that a funded debt is capital. Some, fearing accumulation of debt, will not allow to a debt any utility, but things are seldom unmixed good or ill. We must get at the facts, and find out how far they are either. "Neither will it follow that an accumulation of debt is desirable because a certain degree of it operates as capital. There may be a plethora in the political as in the natural body. There may be a state of things in which any such artificial capital is unnecessary. The debt, too, may be swelled to such a size as that the greatest part of it may cease to be useful as a capital, serving only to pamper the dissipation of idle and dissolute individuals," or the interest may become oppressive to public finance, and the taxes use up national resources. In a newspaper article in 1792, he replies

¹ Works, iii. 124.

to those who have charged him with saying that public debts are public blessings. He says the assertion is that funding the debt will render it a blessing, and, referring to the passage just quoted, he interprets it to mean that a funded debt operates as capital. He says that before the Revolution "a great part of the circulation was carried on by paper money;" that this was destroyed during the war by events which also destroyed "a large proportion of the moneyed and mercantile capital of the country, and of personal property generally. It was natural to think that the chasm created by these circumstances required to be supplied, and a just theory was sufficient to demonstrate that a funded debt would answer the end."¹ In the "Vindication of Funding," written about 1795,² he refers to the same passage from his report on manufactures for the doctrine that a public debt is capital, and adds that if a government borrows a hundred dollars, it spends it, and that is capital; while the bond may be sold, and is another. Thus the credit of government produces a new capital of a hundred dollars. If what is borrowed is spent abroad, the case is different. In the next paragraph he dwells on the disparity between the sum of negotiations and the amount of money by which they are made. These notions show a remarkable amount of confusion in regard to money, capital, and debt, in the mind of a man who has a great reputation as a financier. Robert Morris had once put forward some of the same ideas. He argued that a public

¹ Works, ii. 321.² Ibid., vii. 407.

debt locked up the capital of the public creditor, and that these debts were in a manner dead, and would be brought back into existence by funding. This would free the capital of creditors. Capitalists would buy up the debt of the holders.¹

So far as the destruction of the old paper money was concerned, it could not produce any chasm in the circulation. It is as impossible to make a chasm in the circulation as to dig a hole in water. We have abundant testimony that gold and silver came into circulation in 1780 and 1781 as fast as the continental paper fell into disuse. The specie prices were extremely low compared with those which had prevailed in paper. The man who had to part with goods or services to obtain specie with which to pay taxes or debts, might well think that the "medium was insufficient."

The depreciation of the continental paper inflicted a loss on the different holders of it while it was on the way down, who gave goods and services for it at a higher rate than that at which they received goods and services for it. They therefore parted with goods and services to carry on the war, and the depreciation operated as a tax, according to the observation of all the contemporary writers. It was, however, the most cruel, insidious, and unequal tax conceivable, for it taxed a man in proportion to the time that he held the notes, and not in proportion to anything else. A man of large means could, by keeping on the debtor side, save himself from all loss; but a man of small

¹ Dip. Corr. Rev., xii. 222.

means, on the creditor side, was the greatest sufferer. Those who suffered by the depreciation, then, had contributed real capital for the work of the war. No subsequent funding could reach them, unless it provided payment for notes still in their hands, which would be only in a very small degree. No funding nor other operation of any kind known could go back and unravel such a series of operations and defaults, to undo, in any degree whatever, the injustice produced by them; for its only possible effect would be to pretend to balance them by a new set of injustices.

(The reason for funding was to fulfil contracts which existed in full legal form, and therefore needed to be performed according to their tenour. The operation, however, could not revive or recall a capital wasted ten years before. We may make good a capital, but capital once used up in an operation not industrially reproductive is gone forever. If a hundred dollars' worth of flour was consumed by soldiers in 1776, while in the field, they reproduced no capital to replace it. If the producer of the flour had a certificate for a hundred dollars, which was not paid, it might lie in his desk as a worthless piece of paper, the record of a dishonoured claim, which had no market value. If he found a purchaser for it at ten cents on the dollar, and sold it, the transaction concerned nobody but those two, because they made a contract which included a consenting judgment between them as to the value at that time of the chance that the dishonoured promise might some day be kept, in whole or in part. If then the assignee held the paper

in his desk, it had in no wise changed its character, and the original debtor, the United States, had nothing to do with the transfer.

If now in 1790 the government determined to keep its promise, it provided that the taxpayers of the United States should, out of their earnings, re-constitute a capital of a hundred dollars' value, and transfer it to the holder of the certificate, in replacement of the capital consumed in 1776. This new capital to be constituted, in some years subsequent to 1790, was evidently not a second capital, because there was no first one. If the taxpayers, after 1790, had kept their products, the capital would have been the same in their hands that it was after it was transferred to the bondholder, and the certificate burned up. In strictness, therefore, the taxes did not replace the *capital* of 1776, but only the *property* of 1776, and affected the personal interests of individuals, and not at all the wealth of the country.

The promise that this operation should be performed brought the certificate out of the desk of the owner and gave it a market value. Let us suppose that it raised it to par. If then the holder parted with it to some one else for a hundred dollars, that was merely a transfer between the two men of two things previously existing, — the certificate on one side, and the hundred dollars on the other, — and could not affect the wealth of the country. In no sense, therefore, did funding the debt create a capital, or a new capital, or a second capital, or in any way add to the wealth of the country. Obviously its only effect could

lie where the debt lay ; namely, in the field of contracts, property rights, and personal interests. The only way in which it could contribute at all to the industrial interests of the community, taken as a whole, was in case it affected the relations of this community as a whole to some other community as a whole. In that respect its effect was the exact opposite of what Hamilton supposed. It was only in the case that these certificates, which had formerly been destitute of market value, but now had obtained market value, should be exported in exchange for real capital brought into the United States to be employed where it could earn ten or twenty per cent, while the interest paid for it was only six, that the funding of the debt could act upon the industrial and commercial interests of the American people.

The next enterprise undertaken by Hamilton was the assumption of the State debts. [In his mind, this enterprise and the first one were inseparable parts of the same whole ; but assumption stood upon a very different footing. It was a matter of political expediency, not of simple financial rectitude ; and its expediency remains in doubt to this day. Assumption certainly produced great political disturbance and bitterness. It was not absolutely called for, but was gratuitously undertaken by the Federal Government ; and it has always remained an open question whether the Federal Government might not properly have allowed the whole matter of the State debts to stay where it was, leaving the States to manage the debts as they could.

In March, 1783, Congress had resolved: "All reasonable expenses which shall have been incurred by the States without the sanction of Congress in their defence against or attacks upon British or savage enemies, either by sea or land, and which shall be supported by satisfactory proof, shall be considered as part of the common charges incident to the present war, and be allowed as such."¹ The States had all held back, lest one should do more than another, because they had no confidence that they could recover from each other. They had therefore borne very unequally the burdens of the war. It had always been recognized as the ideal system for the Confederation that it should have a common treasury, out of which all the common burdens should be borne. It was now proposed to consolidate all the debts of the thirteen States into a debt of the Union. In a paper which he wrote for Washington in 1792,² to meet objections which were brought against the federal system, Hamilton gave the reasons for assumption. The first was to consolidate the finances. He speaks of scramblings for revenue between the States as if he meant to have all the State finances united, so as to have only one system of revenue and expenditure for the entire country, and that one federal; but elsewhere he refers to State finance as if he expected that it would still present its own problems. His next reason for assumption was to secure to the Union resources for present and future exigencies,

¹ Journ. Cong., viii. 115.

² Works, ii. 246.

to equalize the conditions of citizens in the different States, lest some should have heavy burdens and some light, on account of their different exertions in the war, or because some had chance resources which others had not. This led to the necessity of the excise taxes; but he thinks that it was in general expedient that the Union should at once get possession of the excises as a resource, before the States seized it. In his second paper on the funding system, written after he left office,¹ he makes a very careful and elaborate defence of assumption. According to that, the leading ideas in his mind were as follows: He put himself upon national ground with respect to the cost of independence, and its value to every citizen of the Union, and he aimed to re-distribute the cost in a way which would satisfy that idea. He likewise wanted the Federal Government to have at its disposal the entire resources; and finally, he had a motive of political expediency, which we may well believe was the controlling motive in 1790, although in 1795 he thought that it had not been so. He expresses this by alleging in favour of assumption, "its tendency to strengthen our infant government by increasing the number of ligaments between the government and the interests of individuals." His argument under the first of these heads shows that he was reaching out to interfere with, and correct action by the States which seemed to him either negligent or unjust, and that he could not bear to think that the States were not behaving as he thought they should

¹ Works, vii. 423.

toward their creditors.¹ This reasoning, although it was creditable to his sense of justice, is not strong when regarded from the political point of view. It remained true that he was reaching out for a duty which did not necessarily devolve upon him, and was exposing the Federal Government to a new trial, when he thought that he was winning strength for it. He saw that it would be necessary to fight a great fight, to lay vexatious taxes, and incur odium ; but he thought that it would have been pusillanimous in him to give it up on that account.

This matter was connected with the adjustment of the outstanding accounts between the Federal Government and the States for requisitions. That also was complicated by the difficulties of justice. The accounts had not been kept in a similar manner in the different States ; there had not been uniformity in the book-keeping, or in the interpretation of the details of the system, so that for instance in New York, as Hamilton said,² everybody regarded the balance of the account against that State as "wholly artificial, . . . manifestly unjust, and that consequently there is no justice in paying it." That was the point at which Gallatin directed his criticism of assumption ; and he showed that by taking into account the balances of the accounts between the States and the Federal Government, the Federal Government might have

¹ "This [injustice of the States] may seem to have been no concern of the General Government, but the cause of credit and property is one throughout the States." (Works, vii. 451.)

² Works, viii. 444.

done as much for the States as it did do, while making the federal debt only half as great as it did make it.¹ This statement was true ; but in the first place, it dealt only with the balances of the actual sums paid by the States on requisitions, and left out of account the other facts with regard to the burdens borne by the States for the purposes of the war, which filled so large a part of Hamilton's thinking on the subject ; and in the second place, Gallatin was looking at the matter as if the Federal Government was trying to help the States, which, as he said, it could have done to a similar degree at much less expense to itself, by the book-keeping readjustments which he proposed ; while Hamilton was not thinking of it as help extended to the States, but as a consolidation of public obligations, which he thought would produce great political and financial advantages. The real answer to Gallatin would be that there was no reason whatever for assumption, if it had been proposed to do it on the ideas which he adopted.

Another grade of objection is well represented by Maclay.² He referred assumption directly to the main issue involved in it : "The reduction of the State governments was the object in theory in forming both the Constitution and the Judiciary, and in as many laws of the United States as were capable of taking a tincture of that kind ; but it won't do." He says that the court party have assumption much at heart.

The measure was carried at last by a combination

¹ Gallatin's Writings, iii. 121.

² Maclay, 191.

between its advocates and those who wanted to fix the federal capital on the Potomac. The intrigues on this point were numerous, and ran in many directions. In the sequel, the opposition declaimed fiercely against the corrupt bargain by which this combination was carried; and Jefferson, who really made the combination with Hamilton, threw the odium of it off himself by representing himself as the dupe of Hamilton. However, the fact of the case was that this was the combination which succeeded where a great variety of others were proposed and tried.¹

In the writings of Bache, Duane, and Callender, assumption was denounced in the most vehement language, as fraudulent and corrupt, intended to form a corrupt cohort in the Legislature, which should be under the control of Hamilton. They regarded it as fraudulent and corrupt for a member of Congress to own bonds of the State or nation, since it was necessary to legislate about the debts in a way which would affect their value; and they complained that the liberty of the government to pay off the debt was restricted by the terms on which it was funded. They also maintained that the volume of the debt had been arbitrarily and unnecessarily increased for the mere sake of having a big debt, as if it were a blessing, of which there could not be too much. This idea they borrowed and exaggerated from Galatin. They also put forward an idea which was derived from some of the book-keeping intricacies of

¹ Maclay, 226, 250.

assumption, that the debtor and creditor sides of the account had been added together. Their argument about this rested upon the fact that the debt of the States to the Federal Government on the balance of account was a debt of honour, and one for which no negotiable securities existed. If then the total of existing indebtedness was sought, this debt could be included ; but if this debt was regarded as one which never could be collected, then it might be thrown out of account. The difference between these two ways of looking at the matter, of course, amounted to twice the debt of the States to the Federal Government.

In connection with his system of funding, Hamilton established a sinking fund. He was under the dominion of strong English ideas with regard to the value of a sinking fund, thinking that it was the way to make public credit immortal,¹ and he supposed the fund to be the security on which the public creditor would fix his mind for confidence that he would be paid. By an Act of the 4th of August, 1790, the proceeds of the sales of land were appropriated exclusively to the payment of the debt ; and on the 12th another Act was passed, appropriating surplus revenue to the purchase of the debt, at not more than the par value of the bond. The Act of May 8, 1792, constituted the sinking-fund commission of the Vice-President, Chief-Justice, Secretaries of State and the Treasury, and the Attorney-General. They

¹ The report of Jan. 14, 1790, that on manufactures, and that of 1795, on public credit, all contain strong passages to this effect.

were to administer the redemption of the debt within the limits of the right reserved ; namely, two dollars on the principal of each hundred dollars per annum. In 1795 they were charged with the duty of administering the payment of the interest, and were authorized to borrow within the year in order to secure punctuality in these payments.

In criticising the sinking fund, it is necessary to distinguish between the fallacy of a sinking fund, and the incidental mischiefs which may arise from it. The object of making a fixed appropriation every year to the sinking fund is to make sure that the amount of provision for the payment of the debt will go into each year's tax levy, and that the gain from the payments which are made will not simply be absorbed in a relief from taxation ; but on the other hand, the fixed appropriation involves the danger that the sum in the sinking fund will be taken in some period of financial distress, and the further danger that on account of some necessity of borrowing, the Treasury will be borrowing at a high rate on one side while paying off a debt which stands at a low rate of interest on the other ; and still further, if the gain from the payments already made on the debt is taken in a remission of taxation, all the advantage is won which could really be won from the sinking fund under any other arrangement.

These, however, are incidental evils ; for there may be a strict administration of the finances, and it may not be necessary to borrow, and the public may win equal advantage from a sinking fund with

what they could win in any other way. The real fallacy of a sinking fund is, in the supposition that there is any device under that name by which anything more can be accomplished for the payment of the debt, than is accomplished by simply saving as much as possible from the current revenue, and applying that to the payment of the debt for so much as it may amount to.

In the sinking fund of the United States there was no fixed appropriation until 1802, but in 1792 the commissioners were authorized to borrow if necessary a sufficient sum to pay any part of the principal of the debt which should become due. Hamilton seemed to be strenuous about the faithful appropriation of *specified revenues* to the sinking fund, which was a very laudable care. He wrote a very earnest protest to Washington, against the sale of the bank stock, in 1796, because the dividends from it were pledged to the sinking fund.¹ His sinking fund was therefore free from all the fallacies of the English notions on that subject of the period, but it was subject to incidental evils, which in its later history were realized.

Hamilton's next proposition was for a national bank.² This enterprise also was not essential to the work of the Federal Government. It had the character of an independent undertaking, not to meet an experienced exigency, but to accomplish a beneficial result conceived of and anticipated by the pro-

¹ Works, viii. 401.

² Folio State Papers, Finance, i. 67.

jector. Of course it was a development and realization of Hamilton's earlier projects of the same kind. The Bank Act was passed Feb. 25, 1791. The bank was to last for twenty years. It had a capital of ten millions, the shares being four hundred dollars each. The United States subscribed two million dollars, for which it gave its bonds to the bank. One fourth of the subscription by individuals was to be paid in specie, the rest in bonds of the public debt. The subscriptions were payable in four instalments, semi-annually, — an arrangement which led to a great speculation in the subscriptions during 1792, and resulted in a financial crisis at New York.¹ Eight branches were established, as Hamilton says, without his co-operation, and in fact against his judgment.² The notes were receivable in all payments to the United States.

This bank paid more than eight per cent per annum dividend during its existence, and its stock was quoted at from twenty to forty per cent above par.³

The country undoubtedly needed, at this period, some banking institutions to bring into full activity the capital possessed by its people. This was a need, not of the government, but of the people, and banks were already being formed to satisfy the need. The necessity that the United States government should proceed to provide an institution of this kind was never established. This bank was very much more like the Bank of England than either of the previous

¹ Works, ii. 235; viii. 227, 233, 240, 245.

² Ibid., viii. 237.

³ Seybert's Statistics, 520.

projects which Hamilton had put forward. In the fundamental principles of its constitution it was, as the Bank of England originally was, a syndicate of holders of the public debt who were incorporated and granted a monopoly of issuing notes, as far as the power of the Federal Government could control that monopoly. There was no need, in the case of the Bank of the United States, of allowing subscriptions in the public debt. The public debt was all provided for independently of the bank. This was only a measure for carrying out another notion which was stigmatized as English, with more reason than in other cases; namely, that of interweaving the interests of wealthy men with those of the government. The government of the United States never realized any gain whatever from this device. The expectation was unfounded and illusory, and the opposition were justified in saying that if it had been real, it would have been derogatory to the government.

Another very great vice in Hamilton's bank was the arrangement by which the United States government, being itself at the time impecunious, subscribed stock in the bank and gave its note for the subscription. This example was imitated with ruinous effect by private individuals in the United States during the next fifty years or more. Very naturally, impecunious individuals inferred that if a number of them combined and put in their stock notes, they could make a bank and win the same advantages which the impecunious government had won. This bank therefore planted the seeds of the wild-cat

banking with which the United States was cursed until the civil war, and also the vices, fallacies, and political disturbances of Jackson's bank war may be traced up to it in no small degree. The opposition party paid Hamilton the homage in 1816 of imitating his bank very closely, including its worst faults; that is to say, when themselves in financial straits, they knew of no better measures to adopt than those devices of his which they had most vehemently abused. This may, in fact, be said of the entire financial system which they adopted in the second war.

Let us now see what Hamilton's doctrines were on the subject of banks and money.

In his letter to Duane in 1780 he said that a tax in kind was necessary, because "the money in circulation is not a sufficient representative of the productions of the country, and consequently no revenue raised from it as a medium can be a competent representative of that part of the product of the country which it is bound to contribute to the support of the public." In 1781 he said¹ that land ought not to be heavily taxed, because if it is, it will drive population to the new land. Labour is and will be dear, "to reduce which, and not to increase it, ought to be a capital object of our policy." He also maintained that taxation on goods was divided between the buyer and seller according to supply and demand. In his bank scheme of 1781 he said: "The tendency of a national bank is to increase public and private

¹ Works, i. 265.

credit." And again: "The real wealth of a nation consisting in its labour and commodities, is to be estimated by the sign of that wealth, its circulating cash." And again: "Our paper was in its nature liable to depreciation, because it had no funds for its support, and was not upheld by private credit. . . . No paper credit can be substantial or durable which has not funds [that is, taxes or other revenues provided for its redemption], and which does not unite immediately the interests and influence of the moneyed men in its establishment and preservation. A credit begun on this basis will, in process of time, greatly exceed its funds. But this requires time and a well settled opinion in its favour." In 1782 he wrote to Morris¹ that the wheels of circulation were clogged for want of commerce and a sufficient medium. Mentor answered to Phocion, in 1784: "Money is a conveniency, not an article of trade. Being such, wherever trade centres, money will." In his reply to Mentor, Hamilton took no notice of this. In the "Federalist" he speaks of "the real scarcity of money incident to a languid and mutilated state of trade."² In his report on the public credit he says that he wants to contract a loan abroad, because to pay the instalments due on the American debt abroad would drain off specie. In his report on the national bank he tries to state the advantages of a bank. He mentions the "augmentation of the active or productive capital of a country." "Gold and silver, when they are employed merely as the instrument of exchange

¹ Works, viii. 70.

² Ibid., ix. 69.

and alienation, have been, not improperly, denominated dead stock, but when deposited in bank to become the basis of a paper circulation which takes their character and place, as the signs or representatives of value, they then acquire life, or in other words, an active and productive quality." He explains this by saying that money in a merchant's chest is idle, but put in a bank yields profit. "It is a well established fact that banks in good credit can circulate a far greater sum than the actual quantum of their capital in gold and silver." The advantages he expects from a national bank are, loans to government, and facilitation of the payment of taxes.

In these passages we see that he was under the dominion of the most vicious fallacies with regard to money and banking, and that his idea of a bank did not go beyond some of the most vulgar misconceptions about it. Banks do not increase capital in the slightest degree. They make nothing; they are a part of the industrial organization, and their utility, which can hardly be overestimated, consists in heightening the circulating movement in the organization in a way which makes a certain amount of capital very much more effective. They therefore affect the relations of capital and of producers in the way of credit. These, however, are relations, not things. The idea that a bank, by some magic or other, gives validity to a fiction, must be entirely discarded. This is the notion which lies at the basis of the devices for floating some large amount of paper money on a small basis, which we detect in the above passages. If there were

no banks and no paper money, and if everybody who bought anything, handed over a bag of specie, in payment for it, everybody would be obliged to keep on hand a large amount of specie all the time. This would be an investment of so much of his capital, and would lessen the amount which he could employ productively in his industry. This is the only sense in which a specie capital could be said to be "dead." It is evident that in this mode of doing business there would be a constant carrying backward and forward of bags of specie, while it would also be found that the transactions admitted of a cancellation, so that the money might lie still and not be carried at all, provided only that some record could be made of the transactions, so as to find out where the cancellation would fall. Practically it would be impossible for anybody, even if he had the record, to oversee and comprehend it so as to indicate the cancellations. The first automatic device for accomplishing them is bookkeeping. The next step is, not only to carry the accounts on a ledger, but to put them in current form, so that they can be negotiated. When this is done, the negotiable instruments can be bought and sold any number of times during a convenient interval, and then be brought to the record on the books for cancellation of the accounts, whereupon the negotiable instruments disappear. The bank notes are simply a very convenient and universal form of these negotiable instruments, and their amount is determined by the necessities and the convenience of the business to be done. The thing which floats them is

the equivalence of the transactions in the market, where the buyings equal the sellings, and the payments equal the loans. Banks therefore, whether they issue or not, economize enormously the investment in specie, not because, if they issue, they put a cheap kind of money in place of it, but because they obviate the necessity of using it. They also greatly accelerate all the transactions, both of exchange and production, because they give promptitude both to the advances and the returns of capital, and render production and exchange, in effect, continuous, where they would otherwise be broken by intervals at the successive steps of the operation.

The bank also brought out a vehement onslaught from the opposition. It was regarded as containing a privilege for those who could get into it, and we must observe that there was always present a large element of envy toward any superiority or advantage, which led a certain party to aim to destroy it or pull it down, rather than that anybody else should enjoy it while they could not. Taylor, in the pamphlet previously mentioned,¹ stated the doctrine which he held as follows: "Debt is service or labour, and service or labour is slavery. . . . For, money being the representative of labour, and the only medium by which debt can be paid, the creditor is in fact the master of the debtor, for the quantum of service or labour necessary to discharge the debt. If so, the United States are, by the bank contrivances, placed precisely in the situation of a slave who has purchased of his master

¹ Principles of Public Measures, 77.

about four days' freedom in each week ; because for more than one day in each week they owe service to the Bank of the United States, and for about two days to the several banks now operating. How improperly, then, do we speak ! Instead of saying, 'The Bank of the United States,' it would be more proper to say, 'The United States of the Bank.' " He says that a design exists for setting up a monarchy and aristocracy. The proof of it is in the Secretary of the Treasury's bank scheme. "The bank is perpetually betting one hundred to one hundred and six ; the wager is always drawn, and the bank receives the six in every hundred by way of forfeit." The gain of the bank implies a loss to somebody, because it is a traffic of ideas, not of substances. The bank has a monopoly of the circulating medium. Bank profits are a tax on the community.

The next of Hamilton's enterprises was the mint. He entered into an investigation of the value of the Spanish dollar. He found that changes had taken place in it within a century, and he thought that, on account of these, the real unit of account had been $24\frac{3}{4}$ grains of fine gold. He also discussed the relation of gold and silver, and seemed inclined to make some criticisms on the acts of Congress already passed in 1785 and 1786 for a gold and a silver dollar, which were the work of Jefferson. He was, "upon the whole, strongly inclined to the opinion that a preference ought to be given to neither of the metals for the money unit. Perhaps if either were to be preferred, it ought to be gold rather than silver." He declared that

the undervalued metal would be banished. "General utility will best be promoted by a due proportion of both metals," gold for large, silver for small transactions. He had no plan for securing this. He reached the conclusion that the unit in the United States ought to correspond with $24\frac{3}{4}$ grains of pure gold and $371\frac{1}{4}$ grains of pure silver. The latter he reached by taking the average of the last two Spanish dollar coinages. He proposed that each coin should be eleven twelfths fine, which would make the gross weight of the silver dollar four hundred and five grains. He opposed Jefferson's plan, which was to make the silver dollar contain three hundred and sixty-five grains pure, and to derive the gold dollar from it at the ratio of fifteen to one. His discussion of this entire subject has a superficial aspect of learning; but he had not mastered any point in the question, and the jealousy between himself and Jefferson cannot be overlooked.¹ If his paper was to pass as a production of his day and generation, it might be awarded high merit; but if it should be presented now as an authority worthy of any serious attention in respect to "bimetallism," its pretensions must be entirely rejected.

¹ Folio State Papers, Finance, i. 91.

CHAPTER XI.

THE REPORT ON MANUFACTURES; THE POLITICAL ECONOMY OF IT; THE LOGIC OF THE POSITION OF THE UNITED STATES AS TO TRADE.

THE next subject to which he turned his attention was "manufactures."¹ This enterprise again presented another phase of statesmanlike activity. The funding of the federal debt, with the sinking fund, and the mint, were legitimate tasks which presented themselves in the business of the new government. The assumption might have been neglected. The national bank was a voluntary enterprise; it was not imposed upon him. The report on the manufactures was a general disquisition on government policy, in a matter in which it was questionable whether the government properly had any policy. A large part of the document is occupied by an attempt to prove that he had any right to take up the matter, or that there was anything to be proposed. Of course, it included no project for meeting any exigency or dealing with any subject matter which was before him, but it undertook to lay down the grounds in justification of a line of policy to be pursued by the government. It could therefore never be put in practice until motives were

¹ Folio State Papers, Finance, i. 123.

called into play which must, in the nature of the case, be interested motives, actuating persons who would avail themselves of the vague and general principles which he had laid down to win selfish advantages.

The document is marked by his worst faults. It is prolix and loose in construction. It refers to some of the doctrines of private enterprise and non-interference, but in a way which makes it seem as if he must have taken them up at second hand and in the plump and crass form in which they were currently repeated. He thinks that the argument against the "zealous pursuit [which is a shifting of the issue] of manufactures" would have great force "if perfect freedom of industry and commerce were the prevailing system of nations." He did not see that all the obstructions put by foreign nations on American commerce were the most powerful form possible of the sort of encouragement to manufactures which he was anxious for. His further argument resolves itself into an effort to force manufactures *earlier* than they would come on account of habit, inertia, etc. He also alleges as an argument, that other nations have bounties, premiums, etc., which we must offset. The obstacles in the United States which have to be overcome are scarcity of hands, dearness of labour [which is the same thing], and want of capital. He did not admit the high-wages argument. "So far as the dearness of labour may be a consequence of the greatness of profit in any branch of business, it is no obstacle to success. The undertaker can afford to pay the price." He goes at large into the facts which make

manufacturing impossible in the United States without government interference, and introduces a long digression about public debt and capital, which at last he brings to a distinction between "an absolute increase of capital" and "an artificial increase of capital as an engine of business." Here he really comes so near to the distinction between increase of capital and greater effectiveness of a given amount of capital, that it seems as if he might have worked his way out. A funded debt is not, he says, the absolute increase, but the artificial increase. He construes all this argument, however, to prove the error of those who maintain that manufacturing cannot succeed in the United States.

He has a controversy here, not with those whom he started out to refute, who maintained the doctrine of free-trade and non-interference, but with those who dogmatically maintained that the United States ought to be an agricultural nation, and ought not to manufacture. For a critical analysis of the paper it is very essential to unravel the confusion which he makes all the way through between these two classes of antagonists. Against the latter he has a very easy case. He then brings forward three notions which have become traditional in the United States, but which were not in the old protectionism, and have not been treated with much attention anywhere else: First, that internal competition on protected articles lowers the price of them; second, that manufacturing has some quality or merit as a form of industry, to promote political and social well-being, which other

forms of industry have not ;¹ and thirdly, that transportation is an evil which ought to be minimized, as if it involved a pure waste. He then specifies eleven means of stimulating manufactures, among which he includes inspection laws, means of facilitating remittances, and means of facilitating transportation, — which show that his analysis is not correct, since they are irrelevant. Next he discusses different sorts of manufacturing industry with respect to what he thinks their chances in the United States might be, and makes a chance proposition as to the amount of duty which would suffice to start them here. He had no authority or guarantee for these propositions at all.

The system of protection to be found in this report of Hamilton's is the old system of mercantilism of the English school, turned around and adjusted to the situation of the United States. What Hamilton especially failed to see was the reaction of the system which he proposed. Hence he did not at all reach the philosophy of trade, nor even any philosophy of trade ; but all that he said on the subject dealt with the few groups of phenomena which he had happened to notice, without pursuing them up to any real relation with each other. He did not therefore become conscious of the confusion and contradiction of which he was guilty. In a review of Jefferson's first message,² Hamilton said : " There is hardly any

¹ This notion is the exact counterpart of the one mentioned above, that the United States must be agricultural and ought not to manufacture.

² Works, vii. 225.

stronger symptom of a pygmy mind than a propensity to allow greater weight to secondary than to primary considerations." His report on the manufactures deals entirely with considerations of the third or fourth order of removal from the controlling facts and generalizations. This has contributed very much to its popularity and success since the protective system was introduced here. All men live in assumptions, traditions, current opinions, etc., which are in the third or fourth derivative from the truth. No man ever penetrates behind these to get at the truth in more than one domain; namely, that which he makes his specialty. He is always vexed to hear the uninitiated talk about his specialty, because they treat it always from the standpoint of the third and fourth derivatives; but he does the same with their specialties when he comes to talk about them. Hence a man who goes remorselessly to the bottom of things will never have wide influence. He leaves the rest behind him, and appears to be an extremist.

On the contrary, one who deals as Hamilton did with the phenomena of the third or fourth order moves in exactly that range of confused and unanalyzed general propositions which seem to be practical, at the same time that they have an attractive philosophical aspect.

For the time being this report and the propositions in it had no actuality. There were demands for protection, and some concessions to them were made; but interest was absorbed in other directions, and this proposition fell out of notice. It was brought to

light again after the second war, when all the circumstances concurred to favour this policy, and it proved a welcome arsenal to the politicians of that period. All its notions were exploded over and over again by Webster, Raguet, Macduffie, and the leading Southerners of the nullification period, who developed exactly what Hamilton had overlooked, — the crippling effect of the cost and ~~reaction~~ of protection.

In regard to the doctrines about trade which Hamilton had in his mind, we may note the following evidence. In 1782 he wrote: "It became a cant phrase among the opposers of these attempts [to regulate prices during the Revolution] that trade must regulate itself."¹ "To preserve the balance of trade in favour of a nation ought to be a leading aim of its policy. The avarice of individuals may frequently find its account in pursuing channels of traffic prejudicial to that balance, to which the government may be able to oppose effectual impediment."² In the same article he made the historical statement that trade took its rise in England under the auspices of Elizabeth, and that its rapid rise was due to her fostering care. He refers to Hume's "Balance of Trade," and affirms that Hume did not hold government interference to be useless or hurtful. "The nature of a government, its spirit, maxims, and laws with respect to trade, are among those constant moral causes which influence its general results, and when it has by accident taken a wrong direction, assist in bringing it back to its natural course. This is everywhere admitted by all

¹ Works, i. 255.

² Ibid., 255.

writers upon the subject, nor is there one who has asserted the contrary doctrine.”¹

The last statement shows that he was very little acquainted with the literature, but the proposition which precedes it deserves particular attention. It is one which may be reached by several different lines of economic, political, or ethical reflection, and it has consequently been reached by a number of very sincere investigators at one time and another, who have congratulated themselves on reaching a theorem which solved all the riddles in this domain. It is, however, nothing but a pitfall, the peculiar calamity of which is that the exit from it is only with great difficulty ever to be found by anybody who has fallen into it.

It was impossible that a masterful man like Hamilton should consent to that theory of statesmanship which would have taught him to confine his efforts to an intelligent promotion of growth, with the removal of obstacles and gentle impulses at critical moments, in the direction which his genius indicated as the paths of prosperity. We shall see that herein lies the secret of the catastrophe which he brought upon his own political theory and his own political enterprises. He naturally could not consent to a policy which would have dictated to him to withhold his rash hands, when his whole being was in a quiver to seize that which he thought was going wrong, and impress upon it at once, and with unshrinking reliance on his own judgment, the form and tendency which he thought for the best.

¹ Works, i. 256.

The statesman of later times who most nearly sympathized with Hamilton's view of the duty of a public man in an executive office to have a "policy," and to try to carry it through the Legislature, was John Quincy Adams. His Secretary of the Treasury, with his approval, tried to introduce discussions of "principles" into his reports.¹ This second and later attempt gave the final proof that that practice is in disaccord with American ideas, and only reacts disastrously on the public man who uses it.

In the answer to the Rhode Island objections to the impost, in 1782, Hamilton wrote: "The principal thing to be consulted for the advancement of commerce is to promote exports. All impediments to these, either by way of prohibiting or by increasing the prices of native commodities, decreasing by that means their sale and consumption at foreign markets, are injurious. Duties on exports have this operation." Hence he argues that all the home taxes are far more injurious to commerce than any impost duties. In 1784 Mentor, in his reply to Phocion (Hamilton), laid down the doctrine that the balance of trade cannot remain adverse; that over some short period there must be an equality. In his answer Hamilton noticed this doctrine only by the following: "As to Mentor's commercial reveries, I shall decline bestowing many remarks on them; not only because they are not immediately connected with the general subject, but because there is little danger of their making any proselytes, while men

¹ J. Q. Adams, vii. 347.

are convinced that the prosperity of the national commerce depends as much upon the extent of its capital as that of any individual.”¹ It is impossible to believe that the man who wrote this had carefully studied Adam Smith within the previous year.

In 1791 he wrote to Jefferson:² “My commercial system turns very much on giving a free course to trade and cultivating good humour with all the world.” In the report on manufactures he says: “The West India Islands, the soils of which are the most fertile, and the nation which in the greatest degree supplies the rest of the world with the precious metals, *exchange to a loss* with almost every other country.”

These statements show that he was completely befogged in the mists of mercantilism, for they are the doctrines of the first quarter of the eighteenth century.

It should be noticed, however, that Hamilton gave the following evidence that he was not disposed to press his notions on this subject to any application. His tax system included import duties and excises, and therefore was hostile to any extravagant rates in the former with a neglect of the latter. In 1794 he prepared a project for a treaty of reciprocity with England, to be used by Jay, according to which he would have agreed to stipulations limiting the American taxes on all the leading manufactured articles to ten per cent.³ In his review of Jefferson’s message, in 1801, he blamed the repeal of the internal revenue

¹ Works, iii. 501.

² Ibid., iv. 54.

³ Ibid., 313

taxes, saying that the import duties were high, and that it was doubtful whether they were not too high; also that if any revenue could be remitted, it ought to be some tax which weighed on navigation or commerce. Still he objected, in the same paper, to Jefferson's notions of free commerce, — that although industry ought to be free in the main, "practical politicians know that it may be beneficially stimulated by prudent aids and encouragement on the part of the government."¹

The great pity about Hamilton's position in this matter was that it helped to turn the current of American opinion against what, according to all the logic of the American situation, it ought to have been. It is true that the Americans, as we have seen above, did not make their revolt as a revolt against the navigation system, but rather in accordance with it. Nevertheless, the logic of their position led them to be the champions of free trade with all the world. They were, therefore, constantly at loggerheads with themselves, at one moment grasping the logic of the situation correctly, and at the next succumbing to the dogmas of English mercantilism, which were of course the only theories on commerce which they ever had heard. Franklin, in an essay on wages, written about the end of the Revolution, showed that his ideas had been much cleared up, although he had twenty years before begun to escape from mercantilism. "We must not conclude that manufactures cannot prosper unless the wages of the

¹ Works, viii. 209, 216, 217.

workman are reduced as low as we find them in Europe." Wages will rise in Europe: first, because of the "greater quantity of labour that Europe will have to perform in consequence of the existence of another great nation in the commercial world, and of its continual increase;" and secondly, because of "the emigration of European workmen, or the mere possibility of their emigrating in order to go to America, where they will be better paid." "In order to raise the rate of wages, it is enough that higher can be obtained in any place to which the workman who depends upon them can remove."¹ Also in a pamphlet of information for immigrants he said that the American States had not encouraged manufactures by taxes, etc., because "if the country is ripe for the manufacture, it may be carried on by private persons to advantage, and if not, it is folly to think of forcing nature." There are few poor in America to furnish labour. They "will not be found in America till the lands are all taken up and cultivated, and the excess of people who cannot get land want employment."²

In 1780 the Spanish Court asked John Jay if the United States had power to protect national industries. He answered: "With respect to the protection of national industry, I take it for granted that it [industry] will always flourish where it is lucrative, and not discouraged, which was the case in North America when I left it, every man being then at liberty by the law to cultivate the earth as he pleased, to raise what he pleased, to manufacture as he

¹ Franklin's Works, ii. 435.

² Ibid., 475.

pleased, and to sell the produce of his labour to whom he pleased, and for the best prices, without any duties on importation whatever." "So great is the extent of country in North America yet to be cultivated and so inviting to settlers, that labour will very long remain too dear to admit of considerable manufactures." ¹

These doctrines and others to the same effect lay in the logic of the American situation. With them should be compared the enthusiastic anticipations of Pownall, mentioned above.² The protective system which Hamilton advocated, consisted in borrowing the traditions of the colonial system; and as a fact, although the Americans had won their political independence, they perpetuated their intellectual dependence by bringing over the dogmas of the colonial mercantile system and regulating their affairs thereby.

¹ Dip. Corr. Rev., vii. 245.

² See page 34.

CHAPTER XII.

HAMILTON'S CONTESTS WITH JEFFERSON AND MADISON ;
PARTY VIRULENCE ; HAMILTON'S POLICY AND METHODS.

WE have now examined the great measures which Hamilton proposed by way of organizing the new government and starting it upon its career as nearly as possible according to his ideas of what it ought to be. Of course he put his personality at stake on every one of his measures, in this method of doing business, by the recommendation and upon the project of an executive officer, to which the legislature was asked to consent. He provoked antagonism of every kind, sectional, personal, and factional. When the Federal Government was organized, it was like a prize, to be scrambled for. If a Union was formed, there would be *power* in it ; and the question would be, Who shall have it? If a Union was formed, it would be capable of abuses on behalf of personal, sectional, and other interests. There would therefore be beneficiaries on one side, and victims on the other. The Virginians seem to have expected that Virginians would of course stand first in the councils of a Virginia president. But Hamilton possessed the confidence of Washington, and constantly won more of it. He was aggressive and arrogant ; and it may well be

believed that his manner to a man like Jefferson must have been very offensive to the latter, all the more because, whenever they came in collision, Hamilton won a victory. He either proved himself in the right, or maintained his case so well that he could not be proved in the wrong. The sentiments of the two men were also as wide apart as the poles. Jefferson and Madison were already friends, and were drawn together against Hamilton. Madison sided completely with Jefferson, and led, in Congress, the attacks upon Hamilton. In every case he was signally defeated, which seems to have embittered him more and more. In 1793, when the resolutions to investigate the treasury, which Giles had introduced at their instigation, were pending, Madison wrote that there appeared to be "blamable irregularity and secrecy."¹ This was giving a criminal colour to appearances for which Hamilton was, in fact, to blame. He had not properly and clearly published the facts. His operations often lacked simplicity and clearness. In 1794 Madison complained of Hamilton's "mentorship to the commander-in-chief."² Madison construed the report on manufactures to mean that "Congress can do whatever in their discretion can be done by money and will promote the general welfare." Jefferson construed it to the same effect.⁴ Monroe also, who was a younger man, was attached to these two, and completely affiliated with them. Jefferson seems to have furnished most of the animus,

¹ Madison's Letters, i. 575.

² Ibid., ii. 19.

³ Ibid., i. 546.

⁴ Washington, x. 519.

Madison carried on the congressional fight, and Monroe made himself the agent in a shameful affair, in which, it is true, the great shame fell to Hamilton, but in which Monroe did not act with dignity or propriety. Behind these were a second order of party leaders in the same warfare, like Giles of Virginia; and behind these still again some of the editors of the period, who carried scurrility and vituperation to a degree of which we nowadays know nothing. Although Hamilton resigned, in January, 1795, this personal warfare upon him was kept up, not without reason, as we shall see, and lasted until his death.

In 1792 he wrote a letter to Carrington of Virginia,¹ complaining that Madison had turned against him, although he supposed that they sympathized on all important matters, including assumption. He now finds Jefferson and Madison leading a party against him, and acting on views subversive of the Union. Jefferson questions the expediency of funding at all. He reported in the cabinet against the bank with asperity, and ill humour toward Hamilton. He opposes Hamilton in the sinking fund commission. He has employed Freneau to edit a newspaper against Hamilton. Hamilton thinks that Madison is intriguing against him, and opposing funding, calling it a mortgage on posterity. Jefferson and Madison "have a womanish attachment to France, and a womanish resentment against Great Britain." The former "came here probably with a too partial idea of his own powers, and with the expectation of a greater

¹ Works, viii. 248.

share in the direction of our councils than he has in reality enjoyed." "A variety of circumstances which took place left Mr. Madison a very discontented and chagrined man, and begot some degree of ill humour in Mr. Jefferson." They wanted commercial war with Great Britain, which Hamilton opposed, and so he incurred their displeasure. On other matters, except the additional assumption, "my views have been equally prevalent [predominant] in opposition to theirs. This current of success on the one side and of defeat on the other has rendered the opposition furious, and has produced a disposition to subvert their competitors even at the expense of the government." Jefferson is eager to be president; Hamilton is not expected to support him, and must be broken down. The spectres of monarchism walk in Virginia. Hamilton thinks that the danger is from State rights. "I am affectionately attached to the republican theory. I desire above all things to see the equality of political rights, exclusive of all hereditary distinction, firmly established by a practical demonstration of its being consistent with the order and happiness of society." He fears that the United States cannot sustain itself against the States. "Hence a disposition on my part toward a liberal construction of the powers of the National Government, to erect every fence, to guard it from depredations, which is in my opinion consistent with constitutional propriety." He confesses doubts of the success of republicanism; its enemies are faction and anarchy. If he wanted to overthrow the State governments, he

would seek popularity, and talk about "danger to liberty." Jefferson is "a man of profound ambition and violent passions."

In that year Hamilton was provoked, by the attacks of Freneau, which he regarded as instigated by Jefferson, into writing newspaper articles with his own hand in reply. This scandal gave great pain to Washington, who remonstrated with both Hamilton and Jefferson. Hamilton replied that he was on the defensive, and only aimed to defend public measures against which opposition was forming. He agreed to peace, if Washington should bring it about.¹ Jefferson, in his reply, made a résumé of his charges against Hamilton. The letter is long; but the chief points are that he complained, not without reason, that Hamilton meddled with his department, but he went on to make calumnious assertions that Hamilton was forming a corrupt squadron in the legislature, by interesting members in financial schemes, and that he did not want to pay the debt, but to use it to corrupt the legislature.² In August, Hamilton wrote a long reply, for Washington, to all the charges brought against the administration. He says: "To uphold public credit and to be friendly to the bank must be presupposed to be corrupt things, before the being a proprietor in the funds or of bank stock can be supposed to have a corrupting influence." A stock-owner is not a stock-jobber.³

¹ Works, vi. 384.

² Washington, x. 517. Cf. Jefferson, ix. 96, 122, 126.

³ Works, ii. 265.

Jefferson charged Hamilton with being the author of a pamphlet "Plain Truth," in reply to Paine's "Common Sense."¹ He said that he heard Hamilton say that he preferred monarchy, and thought the English Government the most perfect ever devised by the wit of man. John Adams, who was present, interposed, "but for its corruptions." Hamilton said that with these it was perfect, and without them impracticable.²

That Hamilton imposed respect upon Jefferson was proved by other passages in his writings, which we may insert here, although they are later in date. In 1795 he wrote to Madison: "Hamilton is really a Colossus to the anti-republican party. Without numbers, he is an host within himself." In 1798 he wrote to Madison, referring to two papers in Fenno's "Gazette," signed "Marcellus": "They promise much mischief, and are ascribed, without any difference of opinion, to Hamilton. You must, my dear sir, take up your pen against this champion. You know the ingenuity of his talents, and there is not a person but yourself who can foil him. For Heaven's sake, then, take up your pen, and do not desert the public cause altogether."⁴

It is not easy to estimate the extent to which the rivalry and animosity of Hamilton and Jefferson have affected the political institutions of the United States. After Jefferson became president, his action in more than one matter betrayed the motive of counteracting

¹ Jefferson, ix. 126.

² Ibid., vii. 389.

³ Ibid., 121.

⁴ Ibid., iv. 231.

what had been Hamilton's pet measures. The unfair abuse of Hamilton by the other party, from Jefferson down to Callender, is fitted to drive one too far in Hamilton's defence. It is a bias against which it is necessary to be on one's guard.

We must here notice, therefore, that Hamilton's methods were calculated to raise against himself very bitter opposition. He forced every issue in its most direct form. His fearlessness, openness, and directness turned rivals into enemies, irritated smaller men, and aroused their malicious desire to pull him down. At the same time, by the mass he was not understood, and in them he inspired a vague sense of alienation and distrust.

CHAPTER XIII.

THE EXCISE ; THE WHISKEY REBELLION.

THAT one of Hamilton's measures on account of which he came into the first and most distinctly hostile collision with the opposing forces which have been described, was the excise. In this collision the logic of the situation was distinctly developed.

Pennsylvania had an excise on imported spirits in 1756, as a "fund" for the support of paper money. It was revised in 1772, and extended to domestic spirits, but appears never to have been collected. During the war, the importation of rum being prevented, the distillation of whiskey became very profitable. At that period there were in western Pennsylvania judges who held commissions from both Virginia and Pennsylvania ; and people submitted to either, as they chose. "It is reasonable to believe that by many neither was well submitted to."¹ About 1786 New Jersey tried to lay an excise on spirits, but could not bring it into operation.²

In the second report on the public credit, in 1790, Hamilton proposed an excise on whiskey, in order to pay the interest on the State debts which had been

¹ Findley, 21, 26.

² Ibid., 31. "The genius of the people will ill brook the inquisitive and peremptory spirit of excise laws." (Hamilton in the "Federalist," Works, ix. 69.)

assumed. He said that Massachusetts, Connecticut, and Pennsylvania had excises on spirits.

Whiskey had not yet come into fashion. The spirit which was drunk upon the coast was rum. Whiskey was a domestic substitute among the Western people, and was very largely manufactured by them in households. They had no money, and used whiskey in barter.¹ That is to say, they could not produce grain so as to export it to any market where they could buy sugar, tea, salt, spices, etc., on account of difficulties of transportation; but if whiskey was distilled from the grain, it could be transported. The tax on whiskey was a specific tax; and as the commodity was cheap among them, the *ad valorem* rate was high, and they could not pay the tax with the whiskey. In 1792 Hamilton reported more or less opposition to the excise in New York, New Jersey, Pennsylvania, Delaware, South Carolina, North Carolina, and Kentucky.² In that year a convention at Pittsburg adopted the following resolution: "Whereas, some men may be found among us so far lost to every sense of virtue and feeling for the distresses of this country as to accept offices for the collection of the duty, Resolved, That in future we will consider such persons as unworthy of our friendship, have no intercourse or dealings with them," etc.,—a complete boycott.³ This resolution might have been copied from an old Stamp Act resolution. Findley, however, says that they never acted upon it.⁴

¹ Findley, 41.

³ Washington, x. 247, note.

² Works, ii. 248.

⁴ Findley, 44.

In August, 1794, Hamilton made a report on "Opposition to Internal Duties,"¹ in which he gave a history of the rebellion which had been going on for two years. Inspectors of stills were tarred and feathered, whiskey-poles were set up, meetings were held, disguised parties perpetrated violence. Findley admits that the facts alleged in this document were true with a single exception. A meeting at Pittsburg, in 1792, which adopted the boycott resolution, had put in the preamble that a tax on spirituous liquors is unjust in itself and oppressive to the poor, and that internal taxes on consumption destroy liberty. They resolved to oppose the law by all legal measures. Hamilton drafted a letter to the Governor of Pennsylvania, to be signed by the Secretary of State, objecting to the Governor's proposition for dealing with the Whiskey Rebellion.² That proposition "seems to have contemplated Pennsylvania in a light too separate and unconnected. The propriety of that course in most, if not in all, respects would be susceptible of little question if there were no Federal Government, federal laws, federal judiciary, or federal officers," and if such and such acts had not been committed, reciting the features of the resistance for three years past.

The point he makes against the Governor is that the latter admits that affairs had reached a pass at which, if the authority of Pennsylvania was at stake, coercive measures would be proper, but that coercive measures are not yet proper for the Federal Govern-

¹ Works, v. 489.

² Ibid., vi. 4.

ment at the same stage ; which Hamilton disputes. At the same time (August, 1794) he began to write newspaper articles to instruct public opinion on the rebellion. He stated the question to be : " Shall the majority govern or be governed ? Shall the nation rule or be ruled ? Shall the general will prevail, or the will of a faction ? Shall there be government or no government ? " ¹ In September the President issued a proclamation, which was written by Hamilton, one of the most important points of which was the assertion that principles of anarchy had been disseminated. ² Twelve or fifteen thousand militia had already been called for from Pennsylvania, New Jersey, Maryland, and Virginia. ³

At this time Hamilton was carrying on the War Department as well as the Treasury. He proposed to Washington that he should join the expedition, on the ground that the adviser of a measure which involved danger to his fellow-citizens should partake in that danger. ⁴ In 1799 he wrote that during that expedition he trembled at every moment, lest a great part of the militia should take it into their heads to return home, rather than to go forward. ⁵ In this expedition he found himself face to face with the things which he had so long detested, — lawlessness, anarchy, hostility to taxation, and undiscipline in the army.

In the whiskey rebellion we meet with a queer echo

¹ Works, vi. 18.

² Ibid., 50.

³ Ibid., 15.

⁴ Ibid., 49.

⁵ Ibid., viii. 526.

of the lawlessness of the period of the outbreak of the Revolution. In fact, Findley expressly refers to it. The people "considered the conduct of Congress in seizing the British posts, arms, etc., while they remained colonies, petitioning the throne, acknowledging their dependence on it, and endeavouring to have their just cause of complaint removed, to be a precedent perfectly applicable to their case."¹ They robbed the mail in order to intercept letters from Pittsburg, which they supposed would carry news of their proceedings, just like the proceedings of the committee at Philadelphia in 1775. Their methods of coercion, boycotting, whipping, tar and feathering, were the same as those employed against the tories twenty years before. They thought that the excise law was immoral. "This theory became with many a religious principle."² ✓

The demand which was made on the government was to conciliate the people by yielding to their demands, and not to annoy or irritate them by an exercise of authority. Findley's plea is all the time that outsiders did not understand the proceedings; those proceedings did not mean what they appeared to mean. There was always an incidental or constructive relation of things which explained the appearances, and the officers were to blame for all the trouble, because they did not understand the appearances. The collectors and the inspectors always came at the wrong time, or behaved unwisely. It is the chief doctrine of anarchism that the law is to blame

¹ Findley, 102.

² Ibid., 300.

for breaches of the law, and that the police are the ones who cause breaches of the peace. Findley says: "It is an undoubted fact that the manner in which the execution of the law was conducted, while it invited opposition, gave alarming apprehensions to men of discernment, for they could not otherwise account for it than by supposing that the disorders were designedly fostered until they would produce a more serious issue. Many of them knew that he who stood at the helm of the revenue department had no aversion to being employed as a pilot in the storm."¹ He repeats this notion many times. He attributes the trouble to Hamilton's delay or "negligence" to enforce the law, which he insinuates was intentional, in order to produce a rebellion.

As a specimen of Findley's mode of discussing the matter, the following may suffice:² "That resentment which formerly discovered itself by casual excesses, in which comparatively few were engaged, and those few generally persons of violent passion and little discretion, now assumed the tone of unreflecting madness, and drew into its vortex many persons of good morals, and who usually discovered a respectable measure of discretion in all their dealings as men and citizens." Five hundred of them therefore met and organized a military attack on an inspector, and his guard of United States troops. "Many attended solely because they had not firmness sufficient to refuse." They only demanded to send a committee to the house to take away the inspector's papers,

¹ Findley, 75.

² *Ibid.*, 85.

not to plunder it. Hence this was a riot, not treason. The defence of the house was "rash." "True bravery is always connected with prudence." The United States marshal was also imprudent to be seen in company with the inspector. A volunteer committee called out the militia. A meeting was held which banished two persons. It was not understood why judges, attorneys, and a United States Senator joined in these meetings, but it gave an appearance of unanimity. A committee of safety was formed, and a resolution was proposed to "call forth the resources of the Western country to repel any hostile attempts that may be made against the citizens." He says that it required great fortitude for Gallatin to oppose this resolution. There was a real terrorism there, and the Mingo Creek Association (as we see from his statements) was imitating Jacobin methods of intimidation. "No man thought himself safe in many places in telling his real sentiments." The resolution was suppressed by referring it to a grand committee.

Findley says that it is mysterious in what capacity the Secretary of the Treasury went out. He was with the right wing, and "was extremely attentive to the wants of the army." He occupied "a superb marquee," much finer than that of the commander of the expedition. "To him has been ascribed by some in the army the measure of discipline that was preserved in it [that is, in the right wing, for the left wing was marked by a lack of discipline];¹ and the regularity of the supplies they received, though this was un-

¹ Findley, 143.

doubtedly ascribing too much to him, as a number of valuable officers occupied the various stations in the army." He says that Hamilton summoned persons before him, and browbeat them, in order to extort confessions or evidence; that he did this to Findley himself, and expressed resentment against him for having written lies about himself [Hamilton].²

A very essential fact to be noted in judging of this matter is that the whiskey rebellion had extended far east of the mountains, and there was an uprising in Maryland;³ indeed, according to another account, down to the suburbs of Philadelphia; and "had not the government anticipated it, a general explosion would speedily have ensued."⁴ Hamilton says that Governor Mifflin told him this. Findley also states that it was not believed in western Pennsylvania that the militia would really march;⁵ and he does not maintain that it was improper for the President to march the army into western Pennsylvania.

We may therefore conclude that if the rebellion had not been suppressed, the excise would no longer have been collected throughout the United States. Whether in the retrospect it can be regarded as a wise step to have adopted the excise, and forced the issue, is very doubtful; but after the excise had been adopted by law, that this demonstration that the Federal Government had force at its disposal which it could and would use, was a healthful thing, seems

¹ Findley, chap. xviii.

² Ibid., 241.

³ Ibid., 312.

⁴ Works, vi. 433.

⁵ Findley, 184.

very clear. Such is the judgment of a foreigner, who may be regarded as a bystander, who thought that the authority of the government needed vindication, and that the charges against Hamilton of working up the whiskey rebellion in order to use force were empty.¹ In a letter to Washington, in November, Hamilton notices Bache's criticism of him for going out. He says that his presence had not been useless, and that he has learned "to hold popular opinion of no value."² It may have no value, but a statesman must notice that it has power.

On the trial of the prisoners taken in connection with the whiskey rebellion the court held that it was high treason to go with arms to the house of an administrative officer of the law, with the intention of injuring his property, or otherwise intimidating him from the performance of his duty.³ According to that ruling, all who participated in the Stamp Act riots were guilty of high treason.

¹ Liancourt, viii. 82.

² Works, vi. 65.

³ Dallas, ii. 346.

CHAPTER XIV.

THE STANDING OF THE UNITED STATES IN THE FAMILY OF NATIONS ; COMMERCE ; RESENTMENT TOWARD ENGLAND ; OBLIGATIONS TOWARD FRANCE ; DIFFICULTIES OF NEUTRALITY ; GROUPING OF PARTIES ON FOREIGN RELATIONS ; JAY'S MISSION ; HAMILTON A MINISTER WITHOUT PORTFOLIO.

WHEN the War of the Revolution ended, all the anticipations in regard to commerce with which it had been begun proved to be mistaken.¹ England, instead of losing the trade of America, found that it came back to her. Trade is governed in its course by the cheapness and quality of the goods, the facilities of credit, and the tastes of the people. As these were all best satisfied in England, the Americans began to buy there. The French merchants who had supposed that they were going to get the trade of the American colonies suffered such losses in connection with it that they abandoned it ; and when measures were adopted

¹ The first part of this chapter, which aims to connect the earlier struggles about commerce between England and France with respect to the American colonies with the struggles of the same powers as belligerents over the commerce of America as a neutral, is necessarily extremely brief. The confusion of notions about commerce in the three countries between 1783 and 1793 demands full and separate treatment.

for opening free trade between the United States and France, the annoyance which was caused to a trade which had taken a shape conformable to the previous French restrictions produced a clamour among the merchants, who would not have the very good which they had hoped for. As time went on, also, the Americans were not sure whether they wanted treaties of commerce ;¹ and when the peace was made, there was no one in Europe with a commission to negotiate a treaty of commerce with England.² Moreover, the attention of Europe was now drawn away from America. France and England were very eager to free their hands, so that they might notice what Russia and Austria had been doing in the East.

At this time, also, America did not stand well before Europe.³ France felt that she had been duped in the

¹ Congress "are still anxious not to engage extensively in commercial treaties till experience has shown the advantages or disadvantages that may result from them." (Livingston to Dana, 1783 ; *Dip. Corr. Rev.*, iv. 455.) In the Senate in May, 1789, all treaties of commerce were condemned. (Maclay, 61.)

² Soon after the peace in 1782 Hamilton proposed in Congress to renew the commission to make a treaty of commerce with England. It was referred to a committee, of which Madison was a member, and never reported. (Works, viii. 366.)

³ Vergennes to Montmorin, 1778: "I am beginning to have a less idea of their [American] firmness, because the idea which I had of their talents, their views, and their patriotism is weakened in proportion as I get more knowledge." (Circourt, iii. 314.) Franklin to the President of Congress, Sept. 13, 1783: Reports of disunion, contempt of authority, refusal to pay taxes, etc., have greatly injured the reputation of the United States. (*Dip. Corr. U. S.*, ii. 9.) Reed to Greene, London, Feb. 12, 1784: All the ruling classes in England are mortified at the war, and

affair, and the matter of the debt lowered the standing of America in Europe. The disposition in England was not malicious or actively unfriendly. It is not true that the legislation and executive orders were arranged to do harm to America.¹ The disposition of the English seems rather to have been to ignore America and treat her with indifference. But they arranged their navigation system so as to hold it intact, for they had not lost faith in it, and they claimed the right, as a mere matter of course, to adapt it to the United States as a foreign nation.² The point where this injured the

speak ill of America, reporting all unfavourable gossip; we stand very low in France and not very high in Holland. French merchants dealing with America have been ruined. "It is a prevailing opinion throughout Europe that our governments and public affairs are in very great confusion" Feb. 21, he writes to John Adams that he is disappointed at not finding a conciliatory spirit. (Reed's Reed, ii. 403.)

¹ In 1794 Hamilton made an examination of the trade regulations of England and France as they stood in 1790, and showed that those of England were, on the whole, far more favourable to the United States. He furnished a brief for a speech by Smith of South Carolina, on Madison's resolutions for discriminating duties in favour of those powers with which we had treaties. (Works, iii. 423; Annals of Congress, 1793-95, 174.) The purpose of the paper was entirely political, a part of the warfare of Hamilton and Jefferson. It showed how silly it was to be governed by the fact whether there was a treaty or not, instead of looking to the facts of commercial relations; also how easily, when men are influenced by passion, facts are assumed without investigation.

² This was the point of Lord Sheffield's "Observations on Commerce." Wraxhall (Posthumous Memoirs, 249) quotes Jenkinson, that if England could maintain the navigation system she might be said "to have gained an empire" in spite of the

United States was in regard to the carrying trade between the United States and the British West Indies, which according to the colonial and navigation systems the English insisted on doing in their own ships. In this connection John Adams, after he received his commission and went to England to negotiate a commercial treaty, advocated the most advanced and enlightened doctrines with regard to commerce. If he could have persuaded the English to adopt them, and if upon plain grounds of common-sense they had said what he asked them to say, that there must be every gain in carrying on the relations of commerce between the United States and the British Empire with freedom in 1785 which there was in 1765, the history of the world since might have been different. As he could not do this, he turned around and tried to persuade

loss of America. Bingham wrote a reply to Sheffield, saying that the Americans would retaliate by a navigation law. A large part of the bad feeling which grew up may be reduced to this: the English were delighted to find that they had lost little or nothing, that the malicious hopes of their enemies were to be disappointed, and that the Americans would lose by being outside the British Empire. Without taking hostile measures they were willing that all the disadvantages of severance from the empire, under the reign of the Navigation Act, should be realized. The Americans were vexed that, on this view of the matter, they and their trade were not such an object to be sued for as they had expected. In the English report on American trade of 1791 the position taken is that a Navigation Act is a proper measure for any independent nation to adopt, and that it would be no grievance of England if the United States should adopt one. Here is one of the weaknesses of retaliation. A retaliatory act is not recognized as such, and exerts no coercion.

the Americans to adopt navigation laws, himself forgetting that if the navigation system of the English had been injurious to the colonies when imposed upon them in 1765, it must be equally so if they imposed it upon themselves in 1785. The thing which apparently irritated him the most was being treated with indifference ;¹ for during the last ten or fifteen years the whole political policy of the civilized world had turned upon the value and importance of the American settlements. He therefore urged the Americans, in letter after letter, to adopt a navigation system, as a means of forcing the Europeans to pay attention to them ; and as this policy of irritation and commercial war fell in with the popular temper, he was only too successful. Here at last was a case where the demand for an " energetic government " met with a response.²

Adams and the other American agents in Europe entirely failed to make a correct diagnosis of the political situation there, and their prognostications with regard to France and England were entirely

¹ Jan. 26, 1787, he wrote to Jay about the King's speech and the debates : " The most remarkable thing in them is that the King and every member of each House has entirely forgotten that there is any such place upon earth as the United States of America. We appear to be considered as of no consequence at all in the scale of the world " (Dip. Corr. U. S., iv. 481) ; and again, April 10, 1787 : " The members of Parliament have been so long irritated and tormented on that subject that they detest to hear the name of America mentioned, and the political system and national humour seems to be neither to speak nor think of it. A seemingly total inattention and silence prevail, and will prevail for some time." (Dip. Corr. U. S., v. 233.)

² Secret Journ. Cong., iii. 395.

erroneous. It was believed that England was on the verge of bankruptcy or revolution, and that the next century would see her fall to an exceedingly inferior position.

On the whole, therefore, the favourable opportunity which probably existed at the peace for establishing good relations with England was lost. There were charges on each side that the treaty of peace was not kept by the other party. These recriminations were extremely strong in America. Jay made a very careful report upon the points in which the United States was remiss,¹ which led to a circular letter issued by Congress in the next year, calling upon the States to provide for the faithful performance of the treaty;² and they adopted a letter prepared by Jay, dated April 23, 1787, being instructions to the minister in England, candidly admitting that the fourth and sixth articles of the treaty had been violated in America, and the seventh by England, and proposing mutual fulfilment.³ In a letter to Adams, Nov. 1, 1786, Jay wrote: "The result of my inquiries into the conduct of the States relative to the treaty is, that there has not been a single day since it took effect on which it has not been violated in America by one or the other of the States."⁴ England did not open diplomatic relations with the United States, and refused to give up the western posts, or pay for the negroes taken away. When the wars of the French Revolution commenced,

¹ Secret Journ. Cong., iv. 244 (1786).

² Journ. Cong., xii. 32.

³ Dip. Corr. U. S., v. 114.

⁴ Ibid., vi. 21.

the relations between the United States and Great Britain were therefore strained.

As to France, when the war was over, opinions in the United States were so divided as to the behaviour of France and the duty of the United States, that two parties were formed. The division really began among the commissioners at Paris. Adams and Jay believed that France had acted from entirely selfish motives, that the United States owed her no gratitude, and that she had really tried to hold the United States down, barely giving enough support to make her independent of England, but not enough to allow her to become a great power; also that France would connive with England to restrain the growth of America.¹ In 1783 Adams wrote: "In the last '*Courier de l'Europe*' it is said that all the commercial powers are concerting measures to clip the wings of the eagle, and to prevent us from having a navy. I believe it."² Franklin, on the other hand, believed that France had acted throughout with generosity and good faith. He thought that the acts which bear a contrary colour were easily explained by the fear that the Americans, relying on French aid, might continue the war by exaggerated demands. He cautioned Congress against the insinuations of Adams, which he attributed to a jealous and suspicious disposition.³ The issue between these two parties has never been solved to this day. It had

¹ Adams, ix. 515: Nov. 17, 1782.

² Dip. Corr. Rev., vii. 148.

³ Ibid., iv. 138.

immense political importance for the United States in the next twenty years.

The course of events in France speedily wrought out the penalty of the relationship which the United States had formed with that country by accepting its aid. The relation of a money debtor developed all its evils. As soon as the Revolution commenced, the United States found itself indebted to one France, although it had contracted the obligation to another ; and it came about in the end that the Revolutionary Government were disposed to give the broadest and most extravagant construction to the obligations of the United States, on account of the relationship which had been formed. There were some wise men who had foreseen this and had objected to the relationship. For instance, H. Laurens opposed the plan of drawing on France to pay the interest of the debt. He called it "giving a mortgage on the national honour to foreign powers." The result proved that he was correct.¹ Also as early as 1781, Jay wrote to Thomson : "I flatter myself that Congress will never again attempt to form an alliance on principles of equality *in forma pauperis*." ²

Thus the position of the United States between the two great powers of Europe, which were approaching a new contest with each other, was delicate and dangerous, while its relations to each of them involved difficult questions. The course of domestic affairs in the United States had seemed to prove that the worst prophecies of the English in regard to the fate of the

¹ Doniol, iii. 403.

² Thomson Papers, 40.

United States under independence were to come true. The anarchistic elements, as we have seen, were gaining strength, and the effect of the French Revolution, as soon as it fairly opened, was to give them new vigour. The French proceedings seemed to a great many to prove that the United States had stopped short in the pursuit of true liberty; that the federal Constitution was what the French called a counter revolution, and that the United States, having given the French the first lesson in liberty, might very properly take a lesson from their pupil in return. On the other hand, to others, of whom Hamilton was one, the French Revolution from its very beginning seemed to threaten to fall into anarchy, and to miss altogether the idea of true constitutional liberty.

The Americans had somewhat hastily concluded that when they got their independence they would be relieved from the danger of being drawn into European disputes. As soon as the war in Europe began, they found that their perils as a neutral and weak nation were perhaps greater than they would have been if in dependence on, and under the protection of, one of the belligerents. It was therefore an undoubted misfortune for the United States that at the beginning of their career the political questions which absorbed their interest were those of foreign policy, that domestic parties were formed upon questions of sympathy with one or the other of the belligerents in Europe, and that domestic politics were ruled by the reflex action of these foreign questions.

In 1790 Gouverneur Morris was sent to England on an informal mission, to see if a treaty of commerce could be obtained, and if negotiations could be opened for the fulfilment of the treaty. His reports of his interviews with the Englishmen do not represent him as very diplomatic in his behaviour. He seems to have been stiff and offish.¹ Although the English at first received him cordially, his mission seems to have been frustrated by the fact that he had felt bound to inform the French Minister of it, whose intervention was offensive to the English.² He wound up with a threat that discriminating duties would be laid against England, and left the country in bad humour.³

In the same year, England and Spain having quarrelled, Lord Dorchester, Governor of Canada, asked leave to send troops through the territory of the United States to reach the Spanish territories. Adams advised that the request should be refused; Jefferson, that no answer should be given, so that if they went through without permission, the United States might be in a position to complain. Hamilton advised that consent should be given, although he was by no means clear and positive to that effect. He thought that a refusal would lead to bad relations with Great Britain; that she would conquer Florida and Louisiana, which would make it very desirable for the United States to be on her side.⁴

In the next two or three years the difficulty of the

¹ Morris's Morris, i. 327.

² Ibid., 310.

³ Ibid., 370.

⁴ Works, iv. 21.

relation with France rapidly developed. The United States was asked to pay the debt in various ways ; and in 1793, after England declared war, the two nations began a commercial war upon each other, having in mind all the time the advantage which each desired to get from the neutral, and which he desired to prevent his enemy from getting. The question was therefore forced upon the American Government what policy they should adopt toward the belligerents. In April, 1793, Washington submitted this question to his Cabinet, who were unanimously of the opinion that a proclamation of neutrality should be issued, warning citizens of the United States that if they rendered themselves liable to the law of nations by aiding either of the powers, they would not receive the protection of the United States, and that prosecutions would be instituted against all who should violate the law of nations, within the cognizance of the courts of the United States.¹

This proclamation was the signal for the outbreak of the party war. The opposition declared that it put us in the position of cold indifference between the parties to the war in Europe, when in truth we ought to be hostile to England and friendly to France. It was declared that the proclamation was without authority ; that the President had no right to make it, since Congress had the power to declare peace and war ; that it was contrary to the treaty with France, contrary to the gratitude we owed her, and untimely and unnecessary.² The arrival of Genêt

¹ Wait's State Papers, i. 44.

² Works, iv. 136.

to represent the French Republic offered an opportunity for demonstrations on the part of those who found, in sympathy with the French, a means of manifesting their hostility to the drift of things under the Federal Government. The swaggering and domineering demeanour of Genêt, and his attempt to use the United States for French interests, speedily produced a crisis in domestic political affairs.¹

The drift of things in the Federal Government was, not without reason, called Hamiltonism, and Hamilton immediately took up its defence. Already, in 1790, he had maintained that gratitude between nations can rarely have any solid foundation; gratitude being due for something done for the sake of the beneficiary, whereas Spain and France helped the United States for their own sakes.² In his Cabinet paper of April, 1793, he urged that the United States should cut loose from their obligation. He admitted that treaties hold good through all changes of the internal constitution or government, but drew the essential distinction in the following convincing manner: treaties ought not to involve other nations "absolutely and unconditionally in the consequences of the changes which it [one nation, party to a treaty] may think proper to make."³ In May he pointed out, in another paper, that France had entered upon an

¹ Even as late as 1800 Callender maintained that Washington had no right to open the question whether the French Minister should be received or not; for the Constitution says that the President shall *receive* ambassadors, it does not say that he shall *refuse* them. (Prospect, 107.)

² Works, iv. 29.

³ Ibid., 75.

aggressive crusade on behalf of liberty everywhere, and showed that the United States could not allow themselves to be dragged into such an enterprise.¹ In the summer of 1793 he began to write newspaper articles about neutrality. Defending the neutrality proclamation, he said: "It only proclaims a fact with regard to the existing state of the nation," and repeated the same criticism of "gratitude."² He said with truth that there was no man in France who was more friendly to the United States than Louis XVI., and the positive point which he urged was that we should learn to avoid foreign friendships. In August he prepared and issued instructions to the collectors of customs as to their duties toward the ships of belligerents.³ Jefferson reports him as having said in November of that year: "If all the people in America were now assembled, and should call on me to say whether I am a friend to the French Revolution, I would declare that I have it in abhorrence."⁴ In the course of the next few months the proceedings of England against neutral rights were far more serious in their practical effects than those of France. In March, 1794, Hamilton proposed to Washington to raise an army of twenty thousand men and put the country in a state of defence against England.⁵ At the same time, in the "*Americanus*" Papers, he

¹ Works, iv. 109.

² Ibid., 165.

³ Ibid., 236.

⁴ Jefferson's Writings, ix. 177. Cf. Works, viii. 303, for Hamilton's view of the French Revolution in 1793. He distrusted it from 1789. (Works, viii. 206.)

⁵ Works, viii. 316.

was discussing the question how far love of liberty should lead Americans to take sides with France. He expressed the opinion that true liberty had been wounded by France, and discussed the question: If we help France, how shall we do it, and to what extent? He thought that "France may find herself at length the slave of some victorious Sylla."¹ In his writings of these years, 1793 and 1794, it is plainly evident that his own opinions were clearing up, so that he was more conscious of the real issue between himself and the noisy friends of liberty. It was that he was an enthusiastic believer in constitutional liberty, or liberty under law, but that he detested the declamatory phrases and empty generalities of the French revolutionary school, while he thought their working principles anarchistic.

In April, 1794, he wrote to Washington that there were three parties: first, those who wanted peace with all nations, if possible; second, those who wanted war, if possible; third, those who did not want war, but were anxious to keep alive hostility with England, even at the risk of war. The first party, to which he belonged, wanted to prepare for war by military preparations, providing revenue, and obtaining power to restrict commerce, but to negotiate in the mean time so as to avoid irritation. He disapproved of the sequestration of debts at any time, — a measure which was then proposed in Congress. He thought that it would now be a provocation to Great Britain. He also disapproved of non-intercourse, as harmful to our

¹ Works, iv. 261, 263, 264.

revenue, and not very harmful to England. This was the other proposition which was pending. It is another example of faith in commercial war.¹ This letter, which is very long and contains a discussion of the entire situation, which was extremely grave, ends with a proposition to send a minister to England. He nominated Jay, declining for himself if he should be thought of; and he proceeded to draw a memorandum for instructions to the minister, and heads for a treaty of commerce.² This was, in fact, his method in all his work. He sought a device to meet the exigency, and having seized upon the cardinal idea of what he thought would meet the purpose, he filled it out in its details, and proceeded to prepare the auxiliary measures, or to provide for the incidental necessities, which would present themselves in carrying it to a successful result.

As the neutrality proclamation had helped to crystallize parties, by giving a positive measure on which sides could be taken, the appointment of Jay furnished another opportunity of the same kind. The opposition in each instance were extremely perplexed to say what they would have done. They indulged in vague and incoherent declamations, for neither then nor since has anybody been able to bring any reasonable

¹ Callender maintained that the United States, by cutting off intercourse with the West Indies, could bring England to sudden and utter ruin. This was the device proposed for the United States to adopt, if it refused to negotiate and sought to enforce redress. (*History of 1796*, 261.) The "Prospect" is full of the same notion.

² Works, iv. 283.

objection to the policy of neutrality. The attempt, also, in Jay's mission, to have peace if possible, was too plain a dictate of common-sense to be opposed with any sound argument. There was reason to suspect that it was too sound and wise to be satisfactory ; and throughout all the declamation it is easy to perceive that there was a comfortable sense of security that there could not really be any war, and that the pleasure of indulging hatred of England and love of France might be enjoyed with impunity, while the utility of it for domestic party purposes might be obtained without risk.

In January, 1795, Hamilton resigned ; but he by no means ceased to be the principal agent in public affairs. The position which he held was a very extraordinary one. It might be properly described as a minister without a portfolio. Wolcott, who succeeded him in the treasury, had been Comptroller of the Treasury under him, and leaned upon him after he resigned. Washington also consulted him upon every important question which arose ; and later his correspondence with Pickering and McHenry shows that his relations with the administrations, and his power in them increased, instead of declining. In 1795, as soon as Jay's treaty was received, he made a study of it. In July he wrote a commentary on it for Washington.¹ He objected to the article about the West India trade, and approved of the action of the Senate in reserving it from the ratification. He also objected to the article which made provisions contraband.

¹ Works, iv. 351.

His final judgment on it was : "The truly important side of this treaty is that it closes, and upon the whole as reasonably as could have been expected, the controverted points between the two countries." He advised that the ratification should be sent, with orders to our agent not to deliver it, if the provision order was in force, and with a careful remonstrance against the principle of that order. He had already begun the work of defending the treaty in the newspapers. He affirmed that our motto should be "Peace and trade with all nations ; beyond our present engagements, political connection with none." He said that an attempt was being made to make us a satellite of France, and entangle us in all European broils.¹

The public feeling had been so excited about this treaty, without any intelligent knowledge of it, and for no reason which one can now understand, unless it be a sentimental unwillingness to have any friendly relations with an enemy of France, that the attempts to discuss it in public turned into riot. At a meeting at New York which Hamilton tried to address, he was hit by a stone and obliged to desist ; but he began another series of papers, the best which he ever wrote, — an enlargement really of the commentary on the treaty for Washington, already mentioned, in which he discussed every question in the recent history, in national and international law, and also of sentiment, which was raised by the treaty, or in connection with it. These papers really form a large book. They completely routed the opposition on every argument of

¹ Works, iv. 363.

fact and law which they had raised. He said that the other party, "if they are sincere, must think that national honour consists in perpetually railing, complaining, blustering, and submitting."

The battle over this treaty did not end with its ratification. In March, 1796, Livingston moved for the Jay instructions in the House of Representatives. The purpose was said to be to see whether impeachment would be advisable. Callender blamed this, saying that it was not the real reason, and that it was not honest to allege it; that the real reason was to fix the perfidy of Jay in breaking his instructions, and to draw Hamilton into the matter.¹ It is difficult to tell which of these grounds would excite more contempt from a modern point of view. In April the House resolved: "When a treaty stipulates regulations on any of the subjects submitted by the Constitution to the power of Congress, it must depend for its execution as to such stipulations on a law to be passed by Congress." This is one of the points in which later opinion and practice have come to the position maintained by the opposition of that period.²

Hamilton said that the real objection to giving Jay's instructions to the House was that it was "a crude mass, which will do no credit to the administration." He thought so at the time, but could not revise the work of another department. It appears that his own memoranda were not adopted.³ His opinion was

¹ History of the United States in 1796, 322.

² Cf. 130 U. S. Sup. Ct. Rep. 581.

³ Works, viii. 387.

that the treaty was condemned before it was known, for party reasons. Jay was mixed in New York politics, and it would not do to allow his negotiations to succeed, if it could be prevented. He was also a candidate for the presidency with Adams and Jefferson, which heightened the same necessity.¹ Fisher Ames said that "if a treaty left to King George his island, it would not answer; not if he stipulated to pay rent for it. . . . The difficulty is not to overcome the objections to the terms, but to restrain the repugnance to any stipulation of amity with the party. . . . Any foreign influence is too much, and ought to be destroyed. . . . It is enough to be Americans; that character comprehends our duties, and ought to engross our attachment. . . . This instrument, however misrepresented, affords to America that inestimable security [against war which was feared in 1794]. . . . Profit is every hour becoming capital. The vast crop of our neutrality is all seed wheat, and is sown again to swell almost beyond calculation the future harvest of prosperity. In this progress what seems fiction is bound to fall short of experience." ²

Dec. 16, 1796, Hamilton wrote to King: "We are labouring hard to establish in this country principles more and more national, and free from all foreign ingredients, so that we may be neither 'Greeks nor Trojans,' but truly Americans." ³ The following from a letter to Wolcott, April 20, 1796, in the height of the

¹ Works, iv. 375.

² Annals of Congress, 1795-1796, 1249.

³ Works, iv. 436.

contest in the House, shows how little inclined he was to truckle to England: "The British Ministry are as great fools or as great rascals as our Jacobins, else our commerce would not continue to be distressed as it is by their cruisers. . . . I hope a very serious remonstrance has long since gone against the wanton impressment of our seamen. It will be an error to be too tame with this overbearing Cabinet." ¹

The French Government construed Jay's treaty as a grievance to themselves. Feb. 15, 1796, the French Minister of Foreign Affairs told Monroe that France considered Jay's treaty as having annulled the treaty of alliance with France from the time of its ratification.² On the 11th of March he formulated the complaints of France in connection with the treaty. They were, (1) Inexecution of treaties; (2) The outrage committed on Fauchet by the English frigate "Africa;" (3) The sacrifice of the connection with the French Republic. On the 7th of July he added to these a complaint that the United States had entered into an alliance with the enemy of France during war, and of the abandonment by the United States of the doctrine that free ships make free goods.³ Monroe closes his introduction with a long paragraph containing a bitter comparison between the advantages of a close alliance with France, and the situation created by Jay's treaty. The latter he describes thus: "War hanging over us, and that not on the side of liberty and the just affections of our people, but of monarchy and our late

¹ Works, viii. 393.

² Monroe's View, 310.

³ Ibid., 321, 355.

most deadly foes; and we are made fast by treaty, and by the spirit of those at the helm, to a nation bankrupt in its resources, and rapidly verging either to anarchy or despotism. Nor is this all. Our national honour is in the dust. We have been kicked, cuffed, and plundered all over the ocean; our reputation for faith scouted, our government and people branded as cowards, incapable of being provoked to resist, and ready to receive again those chains we had taught others to burst. Long will it be before we shall be able to forget what we are, nor will centuries suffice to raise us to the high ground from which we have fallen.”¹ This final prophecy has not been fulfilled. Monroe’s “View” ought not to be read without Washington’s notes on it.² They are the most acute and sarcastic thing we have from Washington’s hand.

Jan. 19, 1796, Hamilton wrote to Washington: “We seem to be [with France] where we were with Great Britain when Mr. Jay was sent there, and I cannot discern but that the spirit of the policy then pursued with regard to England will be the proper one now in respect to France.”³ In June he wrote to Wolcott that Monroe must be recalled, and he proposed Pinckney as his successor.⁴ On the 2d of July a French decree was published, that France would treat neutrals as neutrals allowed themselves to be treated by England. This was in retaliation for Jay’s treaty; and the Americans found that, having secured living terms with one belligerent, they were driven

¹ Monroe’s View, lxvi.

³ Works, viii. 377.

² Washington, xi. 504.

⁴ Ibid., 403.

over into a collision with the other. Hamilton followed this new phase of the subject by writings which ran through the winter of 1796-1797.

A new element of danger was added by the fact that there was a presidential election in 1796, and that the new French minister, Adet, was disposed to meddle with it. In February, 1797, Hamilton expressed the opinion that the French resentment was very much levelled at Washington, and he thought that the change of administration might afford an opportunity for better relations.¹ In March he wrote to Pickering, urging that a special commission should be sent to France; that it would be good policy for its effect on domestic politics, even if the commission was not received. He was not willing to give a construction to the refusal to receive Pinckney which should seem to shut the door against explanation. He thought that there was plenty of room for a commission to inquire what the position of France was. "The commission should be instructed to explain, to ask a rescinding of the order under which we suffer, and reparation for the past; to remodify our treaties under proper guards." He was especially convinced of the necessity of the last point. He nominated a commission, to consist of Jefferson or Madison and some conservative Northern man, like Jay or Cabot.²

Thus, although he was properly affected by the rejection of Pinckney, he was cool about it, and disposed to proceed very carefully. His writings were suspended for a year, from March, 1797, to March, 1798; but

¹ Works, viii. 449.

² Ibid., 452.

when he knew what the result of the mission to France was to be, he began again the series of public papers, discussing the relations between the two countries. The X Y Z papers were sent to Congress, April 3, 1798, and the result was that a state of war was produced between the two countries.

On the one side the opposition endeavoured to palliate the corruption of the proposition that the United States should bribe the members of the French Directory, and buy a treaty. Callender said that there was no reason to be so angry, if France did ask for money; we had paid the Algerines for a treaty. He said that the X Y Z story was an imposture; that there was no harm in a gift to the Directory, and that the money would have been well expended to obtain their friendship.¹

On the other hand, there was no real desire for war. It was difficult to imagine that the United States would be invaded, so that a domestic army would be necessary. The expense was a terror. The Secretary of War was not at all anxious to occupy his office during hostilities. The Secretary of the Treasury was timid.² There were only a few — and it is not clear that Hamilton was one of them — who rejoiced at the opportunity for establishing an army and navy. There was a disposition to use the enthusiasm of the moment to accomplish some objects which were regarded as of permanent importance, and it may be that Hamilton sympathized with it, but the evidence of it is not in his works. When he

¹ Prospect, 58, 110, 129, 131.

² Works, vi. 167.

heard of Adams's message of Feb. 18, 1799, nominating Murray to be joint minister to France with Pinckney, he wrote that Murray was not strong enough for the position, and that there ought to be three ; also that he would write further, but no later letter exists.

It was, then, no light trial which befell the infant State, to maintain neutrality, defend its rights, preserve peace, and grow into strength, between two such belligerents abroad and its own volatile population at home. It is not strange that it did not succeed ; but the foreign policy of the federalists commands far more unqualified praise than their domestic policy. They met a demand for sentimental politics in foreign policy, and for a connection between this country and a foreign nation, in which relation this country would be a very inferior and dependent party, by doctrines of complete national independence and impartial neutrality, which we would to-day regard as the purest commonplaces of national policy. Both in and out of office, Hamilton's mind was the one which guided and prevailed in that policy. He had the initiative position, and he contributed the creative energy to devise measures for the various difficulties as they arose. During the first three administrations the federalists were not in any active sympathy with England. Their opposition to entanglement with France produced an appearance of such sympathy which was entirely accidental. After the nineteenth century opened the case changed. They came to believe that England's contest with Napoleon meant a war

of liberty against military depotism. It was then their turn to "sympathize with liberty." It is, however, one of the most extraordinary facts in history, that the Jeffersonians, after they came to power should have all the questions of foreign policy which arose under the federal administrations presented to them over again, and should have an opportunity to try their policy on the same field and under nearly the same conditions as the federalists.

The struggle for neutrality lay outside the main current of Hamilton's career. The significance of it was that, by bringing to a peaceful settlement the open questions in the peace of 1783 and extricating the country from its entanglements with France, the United States obtained true political independence of Europe. In Washington's Farewell Address, he helped to formulate the doctrines of international independence and internal concord.¹

¹ Binney, Washington's Farewell Address.

CHAPTER XV.

STATE OF WAR WITH FRANCE ; THE PROVISIONAL ARMY ;
HAMILTON'S POSITION IN IT.

THE matter of neutrality, therefore, had, in 1798, entered on a new phase ; and the United States found itself in a state of war. Hamilton's work in this new state of things also changed in form. He became second in command of the army, and in this new field of activity he distinguished himself by the application to military affairs of the same energy which he had displayed in the literary combats of the previous five or six years. Being dissatisfied with the energy of the Secretary of War, he wrote urging that himself and Knox should be called into service, in order that he might help. He wanted in this way to get a chance to do what he thought that the Secretary was neglecting.¹ On the 1st of November, 1798, he went to Trenton, where the officers of the government then were, on account of the yellow fever in Philadelphia, to confer with Wilkinson and McHenry. This conference was with regard to possible enterprises against the Spanish possessions on the southwest. Hamilton always had the interests of the United States in that quarter distinctly before his

¹ Works, vi. 91.

mind. In January, 1799, he wrote: "I have been long in the habit of considering the acquisition of those countries as essential to the permanency of the Union, which I consider as very important to the welfare of the whole."¹ Indeed, it appears that his ideas went even further. In June, 1799, he wrote: "We ought to look to the possession of the Floridas and Louisiana, and we ought to squint at South America."² It was charged against him that he desired to use the army for domestic purposes, in order to enforce that "energetic" and high-toned administration which he desired. The proof of such a desire on his part is wanting, but he did believe that a war with France would be a war with her ally, Spain, and that it would open an opportunity which ought to be used. For this purpose he wanted to carry the army up to its proposed limit, fifty thousand. He wanted to think of classing all males between eighteen and forty-five for the militia, so that drafts could be made in case of invasion. He also engaged in correspondence with Miranda in furtherance of the same enterprise.³

¹ Works, viii. 523.

² Works, vi. 136, 185. In 1802 and 1803 he followed with great anxiety the transfer of Louisiana to France. We should negotiate for it, and, if that fails, take it by force. "Energy is wisdom." He would not have joined the federalist disunionists whose grievance was the acquisition of Louisiana. (Works, viii. 606; v. 465.) There is a vague report in J. Q. Adams's Diary in 1829, that Hamilton wrote to Madison in order to quiet Jefferson's scruples about the constitutional power to buy Louisiana. (Diary, viii. 117.)

³ Works, viii. 505.

But the most interesting thing in this connection is to notice his indefatigable industry. Dec. 13, 1798, he drafted a letter which Washington might send in reply to inquiries of McHenry, which really covered all the important points of army business at the time, including details of organization, discipline, and uniform.¹ He drew up plans of defence, including army, navy, military academy, loans, taxes, and secret service money.² He formed plans for preventing desertion, and reported to Washington on the state of recruiting in the different States. He prepared plans for the commissariat and quartermaster's department, also for the medical department, for the organization of the militia.³ As to the latter his idea was that, "in case of domestic insurrection, no man *able* to serve shall be excused on any condition." One who refused was to be imprisoned or forced to labour on the public works. In August he wrote to McHenry, urging him to organize a supply department, and warning him of the defects of the accountability in the service. In November he wrote again, trying to put some of his own vigour into the Secretary: "Confidence must sometimes be reposed in an after legislative sanction and provision," in incurring expense. "I commit myself, without hesitation, to the consequences of this opinion, because, as far as I am concerned, I would rather be responsible on proper occasions for formal deviations, than for a feeble, insufficient, and unprosperous course of business, pro-

¹ Works, vi. 97.

² Ibid., 138.

³ Ibid., 144, 148, 149.

ceeding from an over-scrupulous adherence to general rules ; and I have no doubt that a different spirit will ever be found in experience injurious, equally to the interests of the State and to the reputation and success of the persons whom it may govern.”¹

This passage expresses the temper of the man more completely than any other which he ever wrote. His mind being fixed on the thing to be done, his energetic striving for it was impatient of formal obstacles and unnecessary difficulties. It is evident also how the principle which he laid down must involve him in responsibility. One of his most remarkable traits, contrasting in the strongest manner with his contemporaries, was his fearlessness of responsibility. If he went upon that principle, he was sure to bear the brunt of every contest provoked by his enterprises ; and as he was always in advance of other people, he was sure to excite their wonder, doubt, and suspicion by his enterprises. His notion that the principle he advocated must redound to the “reputation and success of the persons whom it may govern” was most fallacious, as his own experience proved. Jefferson’s reputation and success show how those two things are to be won. It certainly was not by committing one’s self unreservedly to the advocacy of such measures as one considered useful for the public good, and constantly spending one’s effort in devising new measures of that kind, without regard to the interests, personal feelings, prejudices, etc., which those measures were sure to encounter.

¹ Works, vi. 259.

In November he prepared a complete plan of a military academy, and proposed that the work of preparing improved tactics should be divided up among competent persons. In December he sent a plan for uniforms, and wanted a revision of the articles of war undertaken. In 1800 he undertook an investigation of the "step" which would be most advantageous for army marches, and prepared a plan for the pay department.¹

The army was disbanded in June, 1800; but he continued his work for the organization of the peace establishment, forts, arsenals, etc., etc. He was badly needed in the second war, when things fell back into all the evils of loose and negligent administration.

Before the disbandment of the army was reached, however, and while he was expending the energy which has been described upon the organization, the effect of it upon the public was to make them wonder why he did it, and what he was preparing for, and to make them suspect that he had some ulterior design. They could not understand why he should leave a lucrative profession, to accept a position on a very moderate salary, and devote all his time to this business; and it was easy for the opposition to interpret this action, especially in connection with Fries's rebellion, as a part of that scheme for overthrowing the Republic with which their leaders had been charging him for seven or eight years.

The accumulated and pent-up rancour of years, the inevitable reaction of the popular temper against

¹ Works, vi. 91 *et seq.*

a disciplinary régime which, although called for, was undeniably pushed on with rigour and severity beyond due measure, were bringing on a crisis in which party virulence reached a greater height, perhaps, than it has ever reached since. Callender wrote, in 1800: "Every Virginian who values his freedom should prepare himself to meet the worst that may happen. He should perfect himself in the use of a musket with as much diligence as the devotee learns his catechism."¹

Virginia had already begun to arm. When Hamilton heard of it he wrote that the government should face the risk that "the opposers of the government are resolved, if it should be practicable, to *make its existence a question of force.*" He proposes measures to strengthen the Union: (1) an extension of the judiciary; (2) construction of roads to facilitate communication; (3) a society to reward inventions and improvements. He proposed (in a private letter) a system of federal justices of the peace to reach petty divisions, to build more ships of war, to cut up the great States, to pass laws against incendiary and seditious practices. This is to be the unpublished programme of the federalists.²

¹ Prospect, 88.

² Works, viii. 518.

CHAPTER XVI.

THE ELECTION OF 1800; THE CATASTROPHE OF THE
FEDERALISTS; HAMILTON'S LATEST VIEWS AND
SENTIMENTS.

WE have described Hamilton's position after his resignation as that of a minister without a portfolio. This position was harmless during Washington's administration; for when Washington himself was consulting Hamilton, and knew that his secretaries were doing so, there was no ground of complaint. The Cabinet, however, continued on under Adams; for, according to the notions of that time, the Cabinet ministers would be far more permanent officers than the President, and it was conceivable that a set of ministers might remain for a long period in charge of the great departments, while the President was changing every four years. This was one of the cases where it remained for experience to prove how impracticable a plan of this matter was, which seemed at first to be a matter of course.

When, now, Hamilton continued under Adams's administration to give advice to the same ministers, both gratuitously and at their request, upon all the important public questions, not, it is true, under concealment from the President or in deception of

him, but still without the knowledge to which he certainly was entitled, the proceeding seems improper and unjustifiable. It is true that Mr. Adams's personal character was irascible, jealous, and suspicious; but that fact is entirely irrelevant, since a President of the United States must have been contemptibly meek to allow any such arrangement to stand without resenting it. It is also true that the long absences of Adams from the seat of government, on account of which he left to his secretaries a great deal of independence and responsibility, were the cause of their seeking advice and support from Hamilton, and it may be said, by way of excuse, that they were continuing a habit which had been formed, without probably realizing the aspect which it would bear from the standpoint of the President; but it was unavoidable that this system should produce a catastrophe. It is to be noted, also, that so long as the war was anticipated and military measures were being taken, Hamilton, as real head of the army, was rising in importance. That he and his friends should be pleased at this state of things, but that it should be a powerful motive for Adams to seek peace, was, to say the worst of it, human nature.

In 1798 the leading federalists were carried away by the momentum of their own ideas. They were unconsciously trying to use the French incident as a means of carrying "high-spirited" measures. They had fallen under the fate which seems to beset all parties, that in the course of time their own best tenets become fixed ideas, which rise to a dominion over

the men themselves, enclosing them in a network of delusion, from which they cannot deliver themselves, so as to see the real facts of the case, and the attitude which they are adopting to the forces at work about them. The federalists became stubborn and pertinacious in the attempt to force the dominion of their ideas, and entirely lost touch with the public opinion of the country, and set themselves in antagonism to the genius of the people and the ruling forces of American life. Their task had been to soften, moderate, and school down to regular activity the wild forces which had been set loose by the Revolution; but their faults now came to the surface. They had not patience enough for the tremendous task they had undertaken. They did not appreciate the fact that all things must grow; that the fruit cannot be obtained in the ploughing season; and that the grand results at the end are only to be reached by a self-control which will prevent headlong progress and premature catastrophes. We have seen how much "energy" was needed in the period of the Revolution and the Confederation; but the people had never appreciated the need, and the attempt to force it on them had made "energy" a synonym for tyranny and over-government. That word had become a battle-cry to rally one party, and to stir the other to rage. Here is a grand lesson in the futility of all those notions which regard statesmen as moulding nations or imposing by their will the shape which institutions shall take, or the direction which civil affairs shall follow.

It does not appear that Hamilton was a leader in ✓

this extravagance and excess,¹ and Adams certainly felt the mistake which was being made. His rage was boundless when he came to realize the fact that his administration had been wrecked by passing out of his control into that of a set of men who had committed it against his judgment.

As the election of 1800 approached, however, Hamilton committed himself more and more to the view of the extremists, if he had not sympathized with it before. In June, 1800, he made a tour through New England. He reported that the first-class leaders there were "right,"—that is, opposed to Adams,—that the second-class leaders were too much disposed to be wrong; and said that he had determined to inform them of the objections to Adams.² In September he wrote to Wolcott: "The facts hitherto known have very partially impaired the confidence of the body of federalists in Mr. Adams, who, for want of information, are disposed to regard his opponents as factious men."³ In the summer of that year he prepared a pamphlet for circulation, among the leading federalists, in secret. Burr, however, obtained a copy of it and published it.⁴ In this perverse and mischievous enterprise Hamilton undertook to win a federal victory and defeat Adams

¹ He thought the alien law deficient in guarantees of personal liberty (*Works*, viii. 526); wrote to Pickering in respect to it, expressing anxiety as to how it would be executed: "Let us not be cruel or violent" (*Ibid.*, 490); and again to Wolcott, "Let us not establish a tyranny" (*Ibid.*, 491).

² *Works*, viii. 523, 555, 560.

³ *Ibid.*, 563.

⁴ *Ibid.*, 392.

at the same time, which he could only do by really playing a trick upon the body of the party, who, as he himself had just testified, were loyal to Adams. The movement in which this pamphlet was the most important incident was carried on by a diligent correspondence between the leading federalists in different States. It is astonishing that this correspondence itself did not open their eyes to the folly of their enterprise. It is evident that they had quite lost the idea of "leading" a party by due measures, and had come to the point of trying to command it by authority.¹ As soon as they proposed their plan to any one who was not in the secret, they met with wonder, doubt, protest, and difficulty.

The pamphlet is long, and must be construed as a partisan attack on Adams. Hamilton begins with a critical discussion of Adams's character and career, and of his own personal relations to him, not omitting incidents which are trivial and the interpretation of which was at least questionable.² He then comes to the matters of the French mission, Fries's rebellion, and so on, in which he takes the extreme view against Adams, although, as has been said above, we

¹ Gibbs, ii. 366-430.

² On page 397 the compliment of the French lady to Adams is incorrectly quoted. It should read "*de la négociation.*" She did not tell him that he was "the Washington of negotiation," but the Washington of *the* negotiation, — namely, that of 1782. (Adams, iii. 339.) As regards the extravagance of the compliment and Adams's vanity, as manifested in the way in which he took it, the difference is essential. The error is in the original pamphlet of 1800.

have not evidence that he shared that view at the time when the events occurred. He says: "Much is it to be deplored that we should have been precipitated from this proud eminence without necessity, without temptation. The later conduct of the President forms a painful contrast to his commencement. Its effects have been directly the reverse. It has sunk the tone of the public mind; it has impaired the confidence of the friends of the government in the Executive Chief; it has distracted public opinion; it has unnerved the public counsels; it has sown the seeds of discord at home, and lowered the reputation of the government abroad." The President's resolution to send another embassy to France was "the groundwork of the false steps which have succeeded." He blames Adams for not taking the advice of his ministers. "A president is not bound to conform to the advice of his ministers, he is even under no positive injunction to ask or require it;" but he ought to do it, in order to make the place of a minister influential and desirable. He shows great disappointment at the disbandment of the army. He explains that his visit to Trenton, which excited Adams's suspicions and resentment,¹ was innocent and proper. He blames Adams for the pardon of Fries, because it was necessary that an example should be made, especially in the State of Pennsylvania. Yet he does not advise that votes should be withheld from Adams. His point here is not so absurd as it has sometimes been represented. He did

¹ Adams, ix. 299.

not argue against Adams, and then tell people to vote for him. His point was, that all the votes of the East should be given to Pinckney with Adams; that none should be thrown away, in order to secure to Adams the first place; but that if some opposition votes in the South should be given to Pinckney, he ought to have all those of New England, so that he would come in first.¹ He states his own reasons for writing this letter as follows: "To promote this co-operation, to defend my own character, to vindicate those friends who with myself have been unkindly aspersed, are the inducements for writing this letter." He recognizes the inexpediency of the enterprise in which he is engaged, and expressly recognizes the fact that "the body of federalists, for want of sufficient knowledge of facts, are not convinced of the expediency of relinquishing him;" yet he says that "to suppress truths the disclosure of which is so interesting to the public welfare, as well as to the vindication of my friends and myself, did not appear to me justifiable."

The gravamen of this opposition to Adams rested chiefly, therefore, on the embassy to France. In the retrospect it seems clear that Adams was right to send the second embassy to France, just as Washington was right to send Jay to England. A little concession and conciliation overcame a difficulty, and set aside hos-

¹ J. Q. Adams asserted that the object of the conspiracy was to get the vote of South Carolina for Pinckney and Jefferson, while holding all Northern federal votes to Pinckney and Adams. (*Federalism*, 151.)

tilities, where the exaggerated federalist policy would have cultivated a misunderstanding and nursed a conflict to large proportions. As to Fries, the sacrifice of a human life to make an example does not command our approval ; and if it was possible, as it was, to treat the rebellion with neglect and dismiss the culprit, few now would be found to say that it was not right to do it.

Adams wrote a review of this pamphlet in 1809.¹

It precipitated the catastrophe of the federal party. On account of it, Hamilton lost the leadership. When the election went into the House, and the federalists entered into a plan to put Burr over Jefferson, he remonstrated and advised against it, but his influence could not control. The federal party lost power and disappeared. There was a coarse justice in the epitaph which an opponent proposed for it : —

“ We were well ;
Would be better,
And here we are.”²

From this time Hamilton was on the outside of the administration of public affairs. His policy of rigour and vigour, and his too relentless methods of pursuing it, although they had undoubtedly contributed to the strengthening of civil order and discipline which was imperatively needed, had not only produced a rancorous opposition, but had also broken up his own party, and left him without direct influence on public affairs.

It will be interesting to put together some of the

¹ Adams, ix. 241.

² Hamiltoniad, 52.

most pointed expressions which we possess from him in the last four years of his life.

In February, 1800, he obtained a glimpse of one truth which set in clear light his greatest mistake. "America, if she attains to greatness, must *creep* to it."¹ "Grow" would have been better than "creep." In March, 1800, he says: "I feel no despondency of any sort. As to the country, it is too young and vigorous to be quacked out of its political health; and as to myself, I feel that I stand on ground which sooner or later will insure me a triumph over all my enemies."² In August he addressed a letter to Adams, mentioning reports that the latter had spoken of a "British faction," and had named leading federalists, especially Hamilton, as belonging to it. Hamilton asked if this was true, and if so, what his grounds were for such an assertion. Adams did not reply. In October, Hamilton again addressed him, declaring that any such report was "a base, wicked, and cruel calumny."³ He who reads many of the diaries and letters of early statesmen is forced to ask, Who were the evil-disposed men and wrong-doers? Each man, in his writings, reveals a strong disposition to do right, and to pursue an honourable and patriotic policy, while he refers to some others, his opponents, as ill disposed and dangerous. The true inference is that there was no British faction, no men sold to France, no subverters, evil plotters, or unpatriotic men among all whose names stand high on the roll of statesmen. All suggestion of that sort, by whom-

¹ Works, viii. 543.

² Ibid.

³ Ibid., 445, 564.

soever imported into the record, may be stricken out as due only to the passing passion of party, and the ephemeral ambition of individuals.

In December Hamilton expressed dislike of the treaty with France, but thought it better to ratify it.¹ In January, 1801, he wrote to Bayard that Jefferson would not lower the executive office, would not follow his theories against his popularity or interest, would temporize and maintain what is; that he was not violent, and favoured France only for popularity.² In that year he wrote a series of eighteen papers in criticism of Jefferson's Message. He was especially sarcastic against Jefferson for releasing an Algerine pirate ship which had been captured, on account of a doubt as to the right of seizing it.³ He expressed the opinion that the United States had experienced evils from too large immigration.⁴ He uttered the sentiment "Our National Government; the rock of our political salvation."⁵ In February, 1802, he wrote to G. Morris: "Mine is an odd destiny. Perhaps no man in the United States has sacrificed or done more for the present Constitution than myself; and, contrary to all my anticipations of its fate, as you know, from the very beginning, I am still labouring to prop the frail and worthless fabric. Yet I have the murmurs of its friends, no less than the curses of its foes, for my reward. What can I do better than withdraw from the scene? Every day proves to me

¹ Works, viii. 570.

² Ibid., 581.

³ Ibid., vii. 200.

⁴ Ibid., 242.

⁵ Ibid., 248.

more and more that this American world was not made for me.”¹

In this passage he distinctly utters his own consciousness of the discord between himself and the political drift of the country. It would probably have been too much to expect of human weakness and fallibility that he should have been able to exert those influences which we have traced in his career, upon the faults of American public life, yet should have been able to maintain sympathy with the invincible forces which predominated in it, so that he could co-operate with them.

Hamilton favoured the constitutional amendment changing the mode of electing presidents.² The repeal of the Judiciary Act seemed to him so serious that he wanted a conference of the leading federalists as to the course to be pursued.³ In April, 1802, he wrote: “It has ever appeared to me a sound principle to let the Federal Government rest as much as possible on the shoulders of the people, and as little as possible on those of the State legislatures.”⁴ “Men are rather reasoning than reasonable animals, for the most part governed by the impulse of passion. This is a truth well understood by our adversaries, who have practised upon it with no small benefit to their cause. For at the very moment they are eulogizing the reason of men, and professing to appeal only to that faculty, they are court- ing the strongest and most active passion of the

¹ Works, viii. 591.

³ Ibid., 593.

² Ibid., 592.

⁴ Ibid., 596.

human heart, vanity.”¹ “In my opinion, the present Constitution is the standard to which we are to cling.” He proposed to organize the Christian Constitutional Society, to support the Christian religion and the Constitution by means of pamphlets, and concerted action to elect fit men.

In a letter to Timothy Pickering in 1803 he gave a strikingly correct definition of a republican form of government:² “The essential criteria of which are that the principal organs of the executive and legislative departments be elected by the people, and hold their offices by a responsible and temporary or defeasible tenure.”³ This definition shows that he had analyzed this and cognate political notions with care, and that when he criticised a republican form of government, he knew what he meant. Did his opponents know what he meant? Did not they suppose that a republican form of government includes something about equality and majority rule? Already in the convention of 1787, in answering the question whether the Senate and Executive proposed by him were republican, he had said: “Yes, if all the magistrates are appointed, and vacancies are filled by the people, or by a process of election originating with the people.”⁴

¹ Works, viii. 597.

² His definition of liberty was less fortunate: “Its true sense must be the enjoyment of the common privileges of subjects under the same government.” (Works, iii. 453 [1784].) On that definition the Russians have liberty. Hamilton’s definition, however, shows that he was striving to define liberty in terms of constitutions and institutions.

³ Works, 607.

⁴ Ibid., i. 373.

April 20, 1804, he wrote to his brother-in-law: "I say nothing on politics, with the course of which I am too much disgusted to give myself any future concern about them."¹ On the day before the duel he wrote a very short letter, the last which he ever wrote except the farewell to his wife, which may be regarded as his political testament. "I have had on hand for some time a long letter to you [Sedgwick] explaining my view of the course and tendency of our politics, and my intention as to my own future conduct. . . . I will here express but one sentiment, which is, that dismemberment of our empire will be a clear sacrifice, of great positive disadvantages, without any counterbalancing good, administering no relief to our real disease, which is democracy, the poison of which, by a subdivision, will only be the more concentrated in each part and consequently the more virulent."² His last utterance, therefore, was one of anxiety for the Union; and the Union to his mind was valuable as putting constitutional restraint upon those features of democracy which were always present to his mind when he used the term, and which we have sufficiently indicated throughout the course of this work, as presenting great social and political dangers in his time.

In connection with the controversy which arose between J. Q. Adams and the sons of the great federalists in 1828, a statement was made by Plumer that he was informed by Tracy, at the time, that Hamilton had agreed to attend a meeting of federalists in Bos-

¹ Works, viii. 615.

² Ibid.

ton in the autumn of 1804.¹ The meeting was understood to be intended "to recommend the measures necessary to form a system of government for the Northern States." The death of Hamilton prevented it from taking place.² King told J. Q. Adams, in 1804, that Hamilton entirely disapproved of the project.³ His last letter may be understood to have unexpressed reference to this project. He left his last word against any disunion enterprise at that meeting.⁴

Hamilton never obtained a conception of a governmental system, under a democratic republican form, such as the United States has developed in the nineteenth century out of the antagonism of Hamiltonian and Jeffersonian notions, without the absolute predominance of either, under the social and economic conditions of the country; which, in his time, no one had ever conceived of, and which Mr. Bancroft has described, rhetorically but correctly, as follows: "As the sea is made up of drops, American society is composed of separate, free, and constantly moving atoms, ever in reciprocal action, advancing, receding, crossing, struggling against each other and with each other, so that the institutions and laws of the country

¹ Plumer's Plumer, 298.

² Federalism, 145.

³ Ibid., 148.

⁴ J. Q. Adams mentions a letter of J. R. Van Rensselaer which was shown to him in a newspaper in 1829, "to rescue Hamilton's reputation from having participated in the disunion project of 1804. But it rivets upon him the passion for being at the head of an army, and his presentiment that he should be killed by Burr." (Diary, viii. 115.)

rise out of the masses of individual thought, which, like the waters of the ocean, are rolling evermore."¹

The growing density of population, the greater activity of social life, the greater strain of the struggle for existence, the greater wealth, the higher intellectual activity, the drill and discipline of a more highly developed industrial organization, the quickened ambition of all classes for individual success and happiness, the universal dissemination of ideas by literature, producing, as it were, a greater knowledge of the world, an indescribable sense of the limits within which all things must be had and enjoyed, and perhaps also the solemn experience of the Civil War, have given to the American people the discipline which they needed in Hamilton's time, and which he hoped to enforce by the devices of a statesman, and by institutions arbitrarily invented and enforced against the genius and temper of the people.

¹ Constitution, ii. 324

CHAPTER XVII.

THE ANTAGONISM OF HAMILTON AND BURR; THE DUEL;
HAMILTON'S FUNERAL; COMMENTS ON THE DUEL
AND DUELLING; COMMENTS OF FRIEND AND FOE
ON HAMILTON'S CAREER.

FROM 1800 to 1804 the causes which were to bring about a collision between Hamilton and Burr marched on with the precision of a classical tragedy. Already in 1792 Hamilton described Burr in a letter as moved by unprincipled ambition, bold, intriguing, and in debt. "He is for or against nothing, but as it suits his ambition."¹ He called him "an embryo Cæsar, if we have one." A little later in the same year he wrote to a member of Congress: "My opinion of Mr. Burr is yet to form; but according to the present state of it, he is a man whose only political principle is to mount at all events to the highest legal honours of the nation, and as much further as circumstances will carry him."² In 1800, writing to Wolcott against the support of Burr by the federalists, he calls Burr a Catiline; is pained at the idea of his elevation by the federalists, who will become responsible for him. He will use the rogues of all parties. He repeated these ideas very many times in writing to public men in that year.³ He charged Burr

¹ Works, viii. 283.

² Ibid., 289.

³ Ibid., 565 *et seq.*

with having talked "perfect Godwinism," — which, by the way, is a revelation of what Hamilton meant by the republicanism in which he had no confidence. It was the type of republicanism advocated by Godwin and his followers.¹ "With great apparent coldness, he is the most sanguine man in the world. He thinks everything possible to adventure and perseverance; and though I believe he will fail, I think it almost certain he will attempt usurpation, and the attempt will involve great mischief."

In 1804 Burr sought federalist aid against the regular democratic nominee, in order to become Governor of New York. Hamilton supported his opponent. The federalists were divided; Hamilton having drawn as many of them as he could away from Burr, by declaring that Burr was a democrat, and would go against all their principles.²

It is a wonder that none of these clear and explicit statements of opinion about Burr ever came to the latter's hands. He could not fail to learn of Hamilton's efforts to enlighten people on what he considered Burr's true character. As Burr was ambitious and Hamilton persisted in attempts to thwart him by unfavourable reports of his public and private character, it was certain that they must come in collision. If Burr was the man Hamilton said that he was, the two men, both acknowledging the code, could not move in the same political arena without a duel sooner or later.) The report of which Burr demanded an

¹ Works, viii. 583.

² Republic, vii. 770.

explanation from Hamilton was only a vague reference to the fact that Hamilton had expressed some "despicable opinion" of Burr. This Hamilton could neither confess nor deny.

The practice of duelling at the time amounted to a great public vice. The French minister, Gerard, in 1779, spoke with astonishment of the rage for duelling. Eight or nine had taken place in a few weeks, all bloodless.¹ In 1801 Hamilton's oldest son, Philip, not quite twenty years old, was shot in a duel about a quarrel at a theatre. The party newspapers abused each other over it and about it.² Coleman, the editor of the "New York Evening Post," tried to frown down duelling; but in 1803 he was forced into a duel with Thompson, in which the latter was killed.³

In his farewell to his wife Hamilton wrote that he would have avoided the duel if he could, "without sacrifices which would have rendered me unworthy of your esteem."⁴ He left a paper in which he stated his reasons for fighting, against which moral, religious, family, and business reasons were as strong as possible. His apology is: "My relative situation, as well in public as private, enforcing all the considerations which constitute what men of the world denominate honour, imposed on me, as I thought, a peculiar necessity not to decline the call. The ability to be in future useful, whether in resisting mischief or effecting good, in those crises of our public affairs which seem likely to happen, would probably be inseparable from

¹ Durand, 187.

² Hist. Mag., Oct., 1867.

³ Hudson, Journalism, 218.

⁴ Works, viii. 629.

a conformity with public prejudice in this particular." ¹ If we understand the sentiment of that time aright, a refusal on his part would have been the end of his usefulness in politics. ²

J. Q. Adams, in 1828, construed Hamilton's reasons for fighting Burr as "ambition;" that Hamilton, anticipating civil strife, must not tarnish his military honour, lest he should be unable to share in that strife by military command. "I would hope," wrote Adams, "and may not disbelieve, that Mr. Hamilton's attachment to the Union was of that stubborn, inflexible character which under no circumstances would have found him arrayed in arms against it. But in the events of Mr. Hamilton's life a comparison of his conduct with his opinions, in more than one instance, exhibits him in that class of human characters whose sense of rectitude itself is swayed by the impulses of the heart, and the purity of whose virtue is tempered by the baser metal of the ruling passion. This conflict between the influence of the sensitive and the reasoning faculty was perhaps never more strikingly exemplified than in the catastrophe which terminated his life, and in the picture of his soul unveiled by this posthumous paper." ³

It will be perceived that this judgment turns upon the demonstration that Hamilton fought lest he should

¹ Republic, vii. 818.

² On the public opinion of the time about duelling, see the "American Register" for 1807, part ii. 85, where it is asserted that if Hamilton had killed Burr, he would have suffered no condemnation.

³ Federalism, 170

lose chances to gratify his ambition. The demonstration is not conclusive. If a man fights that he may not lose a chance to serve his country in crises which he foresees, it is not self-evident that his motive is ambition. He may be sacrificing his conscientious opinions to the highest patriotism, not to ambition. While such alternative is open, the last part of Adams's judgment appears censorious and affectedly high. Hamilton's faults in public affairs were lack of policy, too little willingness to temporize and yield to circumstances, excess of frankness, and too great willingness to force a direct issue. If the faultlessness of his rectitude and moral consistency was called in question, it would be necessary to consider the evidence that when he swerved it was from a base motive. The duel does not furnish that evidence.

He died on the 12th of July, 1804. Gouverneur Morris delivered a brief address at the funeral, on a platform in the portico of Trinity Church, four of Hamilton's sons being on the platform, — the oldest sixteen years of age, the youngest about six. Morris said: "Hamilton disdained concealment. Knowing the purity of his heart, he bore it, as it were, in his hand, exposing to every passenger its inmost recesses. The generous indiscretion subjected him to censure from misrepresentation. His speculative opinions were treated as deliberate designs."¹

Hamilton left his family really unprovided for. His investments were chiefly unimproved land in western

¹ Notes to the *Hamiltoniad*, 71, where the whole oration is given.

New York.¹ His debts were \$55,000. A subscription was made by his friends. A number of leading federalists at Boston had, a few years before, bought lands in Pennsylvania, owned by Pickering, as a mode of relieving him of the investment and setting him free to take office. They now transferred these lands to Hamilton's executors for the benefit of his family.²

We hesitate whether it is proper, for the purpose of showing the party spirit which prevailed in the public life of the time, to quote here the disgraceful comments which were published even about his funeral; but as we desire to quote some of the eulogistic judgments which have been passed upon his character and career, it seems necessary to include also comments of another character.

Paine published a review of Morris's funeral oration, in which he carped at the grammar and rhetoric of it, and gratified a venomous dislike of Morris.³ The *Hamiltoniad*, without being scurrilous, is indecent, considering the fact that Hamilton was dead, and the mode in which he died. It shows the bitter and intense feeling about monarchy and aristocracy. It is not stated who wrote the articles given in the notes, but they appear to be from other writings of the author of the poem. "We have solid evidence to believe that Mr. Hamilton wished to introduce an established church in the United States, and so inter-

¹ On the general topic of these land investments at that time, see the "Life of Robert Morris."

² Lodge's Cabot, 304.

³ *Hamiltoniad*, Notes, 74.

twine it with the government as to form that odious monster in confederation, called the Church and State interest.”¹ The evidence is that Hamilton took the communion from the Bishop of New York before his death. The writer goes on to give his opinion of bishops, and thinks that this fact proves that Hamilton carried veneration for aristocracy “to the mortal bourne.”

There are but two or three places in his works where Hamilton speaks personally of himself. In a letter to Laurens, in 1779, he declared himself “cold in my professions, warm in my friendships,” and goes on to profess very warm affection for Laurens. He makes a playful sketch of the wife he wants, and then describes himself. He mentions his small size and his big nose. The banter is not very well done, and seems out of character. He becomes tired and ashamed of it at the end.² Writing to Knox, in 1799, he said: “My heart has always been the master of my judgment.”³

Of the opinions of Hamilton by his enemies, we may note the following: Callender called him Caligula,⁴ and Alva,⁵ on account of a story which he often repeated, that Hamilton regretted that the insurgents did not burn Pittsburg in 1794. “In the convention of 1787 [Hamilton] and some other conspirators had planned the foundation of American monarchy. A design so hateful should have debarred him from the

¹ *Hamiltoniad*, Notes, 57.

² *Works*, vii. 585.

³ *Works*, viii. 531.

⁴ *Prospect*, 36.

⁵ *History of 1796*, 292.

confidence of the new government. He is the first and only favourite whom General Washington ever had. ✓ He became instantly dictator of the federal administration. On every question before Congress he vanquished the Virginian representatives. . . . For the sake of raising a standing army as the first step in the ladder of despotism, he wantonly provoked the war with the northwestern savages. To support it he abstracted from the treasury, without permission from Congress, and in contempt of the Constitution, some hundred thousands of dollars. . . . Profligate and insolent in his private manners, but plausible and deliberate in his financial projects, an aristocrat from the dictates of his understanding as well as from the views of his ambition, this man had then obtained, and still seems to possess [1800], an almost absolute ascendancy over our public counsels.”¹

John Adams said that Hamilton was the greatest organist who ever played on the caucus,² and declared that he was the greatest intriguer in the country.³ He also quotes a letter of Stoddert, who did not rate Hamilton’s discretion or the solidity of his judgment very high, and thought it a harm to the federal party that his opinions were deemed so “oracular.”⁴ Maclay mentions him to say: “Hamilton has a very boyish, giddy manner.”⁵

After his death, nobody published anything in eulogy of him which was more distinctly to the point

¹ Prospect, 106.

² Adams, vi. 543.

³ Adams, x. 124.

⁴ Ibid., ix. 301.

⁵ Maclay, 238 (1790).

than Cheetham, who was a political opponent, but being a Jeffersonian, was at the time perhaps more hostile to Burr than to Hamilton. 'He who for a moment reflects that out of the Revolutionary contest, that chaos of clashing elements, arose a world of freedom, cannot but venerate the memory of those who, as it were, created it. In this most glorious, most useful, most splendid of earthly scenes, Hamilton performed a conspicuous, shall I not say, a disinterested, a patriotic part. 'Scarcely arrived at the gristle of manhood,' glowing with patriotic fire, with military ardor, he joined the creative phalanx, and signalized himself by constancy, by perseverance, and by valour. . . . His Revolutionary services entitle him to our affection, and will endear his memory to all who are sincerely attached to our independence.' ¹

When Hamilton resigned, Washington wrote to him: ² "In every relation which you have borne to me I have found that my confidence in your talents, exertions, and integrity has been well placed. I the more freely tender this testimony of my approbation because I speak from opportunities of information which cannot deceive me and which furnish satisfactory proof of your title to public regard."

On the relations of Washington and Hamilton, Bancroft writes: "While the weightiest testimony that has ever been borne to the ability of Hamilton is by Washington, there never fell from Hamilton's pen during the lifetime of the latter one line which adequately expressed the character of Washington,

¹ Coleman, 64.

² Washington, xi. 16.

or gave proof that he had had the patience to verify the immense power that lay concealed beneath the uniform moderation and method of his chief." ¹

There is some ground for the blame on Hamilton implied in this passage, but it seems to be exaggerated. In reply to Washington's letter above, Hamilton wrote: "Whatsoever may be my destination hereafter, I entreat you to be persuaded (not the less from my having been sparing in professions) that I shall never cease to render a just tribute to those eminent and excellent qualities which have been already productive of so many blessings to your country; that you will always have my fervent wishes for your public and personal felicity, and that it will be my pride to cultivate a continuance of that esteem, regard, and friendship of which you do me the honour to assure me." ²

The evidence seems conclusive of good understanding and high esteem between the two men after 1790. Hamilton adopted the habit of signing himself, in writing to Washington, "With sincere respect and affectionate attachment," which is such a selected expression that it must be taken as signifying more than any of the ordinary formulas. Still it is true that the record contains no evidence that he appreciated Washington. The things which he said about him were rather expressions of the usefulness of Washington to himself. When Washington died he wrote: "He was an Ægis very essential to me;" ³ and to Mrs. Washington: "There can be

¹ History, x. 410.

² Works, viii. 335.

³ Ibid., 538.

few who equally with me participate in the loss you deplore. In expressing this sentiment, I may, without impropriety, allude to the numerous and distinguished marks of confidence and friendship of which you have yourself been a witness; but I cannot say in how many ways the continuance of that confidence and friendship was necessary to me in future relations."¹

Gouverneur Morris wrote extended comments on Hamilton's career and character in his diary: "One marked trait of his character was the pertinacious adherence to opinions he had once formed. . . . The extent of the United States led him to fear a defect of national sentiment. . . . He heartily assented, nevertheless, to the Constitution, because he considered it as a band which might hold us together for some time, and he knew that national sentiment is the offspring of national existence. . . . He was of that kind of man which may most safely be trusted, for he was more covetous of glory than of wealth or power; but he was of all men the most indiscreet. He knew that a limited monarchy, even if established, could not preserve itself in this country. . . . He very well knew that no monarchy whatever could be established but by the mob. . . . He never failed on every occasion to advocate the excellence of, and avow his attachment to, monarchical government. . . . He was indiscreet, vain, and opinionated. . . . Our poor friend Hamilton bestrode his hobby to the great annoyance of his friends, and not without injury to

¹ Works, viii. 541.

himself. More a theoretic than a practical man, he was not sufficiently convinced that a system may be good in itself, and bad in relation to particular circumstances."¹

J. Q. Adams said of him that "the characteristics of his mind and conduct" were that they were "indirect and hesitating,"²—an exceedingly incorrect judgment, unless we have entirely failed to understand the record.

Madison, having outlived the fiercer passions of their early warfare, wrote of him, in 1831: "That he possessed intellectual powers of the first order, and the moral qualifications of integrity and honour in a captivating degree, has been decreed to him by a suffrage now universal. If his theory of government deviated from the republican standard, he had the candour to avow it, and the greater merit of co-operating faithfully in maturing and supporting a system which was not his choice."³ The Duc de Liancourt recorded of him that he had firmness and boldness of character, with fine manners. His disinterestedness is universally admitted. He had used none of the chances which his position in the treasury gave him. His professional charges were moderate. "Mr. Hamilton is one of the first men of America, at least of those whom I have yet seen. He has breadth of

¹ Morris's *Morris*, ii. 456, 474, 523. He said so, however. "A government must be fitted to a nation as much as a coat to the individual; and consequently, what may be good at Philadelphia may be bad at Paris, and ridiculous at Petersburg." (To Lafayette, 1799; *Works*, viii. 522.)

² *Diary*, ix. 350.

³ *Madison's Letters*, iv. 176.

mind, and even genius, clearness in his ideas, facility in their expression, information on all points, cheerfulness, excellence of character, and much amiability. I believe that even this eulogy is not adequate to his merit." ¹

Sullivan writes of him : ² "He was under middle size, thin in person, but remarkably erect and dignified in his deportment. His hair was turned back from his forehead, powdered, and collected in a club behind. His complexion was exceedingly fair, and varying from this only by the almost feminine rosi-ness of his cheeks. His might be considered, as to figure and colour, an uncommonly handsome face. When at rest, it had rather a severe and thoughtful expression, but when engaged in conversation, it easily assumed an attractive smile. When he entered a room it was apparent, from the respectful attention of the company, that he was a distinguished person. His appearance and deportment accorded with the dignified distinction to which he had attained in public estimation. . . . The eloquence of Hamilton was persuasive and commanding, the more so as he had no guide but the impulse of a great and rich mind, he having had little opportunity to be trained at the bar or in popular assemblies. Those who could speak of his manner from the best opportunities to observe him in public and private, concurred in pronouncing him to be a frank, amiable, high-minded, open-hearted gentleman. He was capable of inspiring the most af-

¹ Liancourt, iii. 260 ; vii. 149.

² Public Men, 260.

fectionate attachment, but he could make those whom he opposed fear and hate him cordially."

Bancroft¹ sums up his judgment upon Hamilton, that he was fond of authority; had creative power; had in his nature nothing mean or low; was disinterested; had a somewhat mean opinion of his fellow-men, therefore lacked sympathy with the masses and was unfit to lead a party. He thinks that he never understood or appreciated Washington. "He had a good heart, but with it the pride and the natural arrogance of youth, combined with an almost overweening consciousness of his powers, so that he was ready to find fault with the administration of others, and to believe that things might have gone better if the direction had rested with himself. Bold in the avowal of his own opinions, he was fearless to provoke, and prompt to combat opposition. It was not his habit to repine over lost opportunities. His nature inclined him rather to prevent what seemed to him coming evils by timely action."

The previous writer who has most nearly adopted that view of the key to Hamilton's career which is presented in this book is Hildreth:² "Much less of a scholar or a speculatist than either Jefferson or Adams, but a very sagacious observer of mankind, and possessed of practical talents of the highest order, Hamilton's theory of government seems to have been almost entirely founded on what had passed under his own observation during the war of the Revolution and subsequently, previous to the

¹ History, x. 409.

² History, iv. 296.

adoption of the new Constitution. As Washington's aide-de-camp, and as a member of the Continental Congress after the peace, he had become very strongly impressed with the impossibility of duly providing for the public good, especially in times of war and danger, except by a government invested with ample powers, and possessing means for putting those powers into vigorous exercise."

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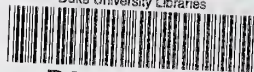
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